

FINANCIAL TIMES

Risks run high amid Europe's bumper grain crop, Page 8

EUROPE'S BUSINESS NEWSPAPER

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| Acute ... 1.10 | Indonesia ... 2520 | Paraguay ... 100 |
| Bahamas ... 1.10 | Italy ... 1200 | S. Africa ... 6.00 |
| Belgium ... 1.10 | Japan ... 7500 | Singapore ... 4.10 |
| Canada ... 1.10 | Korea ... 1000 | Sri Lanka ... 100 |
| Denmark ... 1.10 | Latvia ... 100 | Switzerland ... 2.00 |
| Egypt ... 1.10 | Lithuania ... 100 | Taiwan ... 1.00 |
| France ... 1.10 | Madagascar ... 100 | Thailand ... 1.00 |
| Germany ... 1.10 | Malaysia ... 100 | U.S.A. ... 1.00 |
| Greece ... 1.10 | Mexico ... 100 | U.S.A. ... 1.00 |
| Hong Kong ... 1.10 | Norway ... 100 | U.S.A. ... 1.00 |
| India ... 1.10 | Philippines ... 100 | U.S.A. ... 1.00 |

NEWS SUMMARY

GENERAL

Indians shun S. Africa election

South Africa's Indian community turned out in unexpectedly low numbers for elections that will, for them, as also the coloured (mixed-race) population, a limited voice in the previously all-white parliament.

Police used tear gas and baton charges to combat demonstrators protesting against the exclusion of the country's black majority from the new constitutional framework.

Reserve Bank Governor Gerhardus Coetzee announced that recession would continue and inflation accelerate in the short term. Page 10

Mondale in talks

Walter Mondale sought to broaden the base of his presidential campaign during meetings with two previous White House contenders, John Anderson and the Rev Jesse Jackson. Page 4

Sikhs defy ban

Sikh religious leaders vowed to defy a government ban and hold a world Sikh convention in their holy city, Amritsar, next Sunday.

Mine at risk

The Polkemant mine in Scotland appears doomed to close because of flooding after the withdrawal of safety cover by miners. Page 2

Diaries trial reopens

The judge at the Hamburg trial of two men accused of forging Adolf Hitler's diaries rejected a defence claim that the defendants would not get a fair trial and reopened hearings.

Anti-nuclear Bill

West Germany's radical Greens Party published a draft Bill demanding the closure of all nuclear power plants in the country within six months. The Bill is expected to be debated after Parliament returns in September.

Export optimism

West German business confidence, badly shaken by the damaging strike wave in the spring, has largely recovered again and there is particular optimism about export prospects. Page 2

Bank siege

West German police prepared for a long siege at a Düsseldorf bank where two armed men were holding the manager hostage.

Japan earthquake

A severe earthquake, registering 6.1 on the Richter scale, hit a series of small islands near Okinawa, south Japan.

Iraq poll postponed

Iraq's Revolutionary Command Council decided to postpone general elections due on September 29 for a month. No reason was given.

BBC strike

About 500 workers at the British Broadcasting Corporation World Service walked out for 24 hours in protest against terms of employment, union officials said.

Atlantis 'find'

Soviet scientists have dredged sand and silt deposits from the floor of the northern Atlantic Ocean, which they believe may be remains of the lost continent of Atlantis. Tass reported.

Golfers' handicap

Afghanistan's only golf course has become so dangerous that the United Nations has declared it out of bounds to its employees.

BUSINESS

Eurobond debut for Moscow Narodny

MOSCOW NARODNY, Soviet-owned London bank, made its debut in the Eurobond market with a \$50m floating-rate note issued through Moscow Narodny Finance. Page 28

DOLLAR improved slightly

London to DM 2.8775 (DM 2.875), FF 8.8325 (FF 8.8215) and Y241.1 (Y241.05) but fell to SwFr 2.391 (SwFr 2.393). On Bank of England figures, its trade-weighted index rose to 136.5 from 136.1. It closed in New York at DM 2.8795, FF 8.8325, SwFr 2.395 and Y241.45. Page 27

STERLING was firmer in London

rising 40 points to \$1.3105. It also improved to DM 3.775 (DM 3.75), FF 11.55 (FF 11.53), SwFr 3.1575 (SwFr 3.125) and Y181.0 (Y181.0). Its trade-weighted index was 18.1 against 77.8 previously. Its New York close was \$1.311. Page 27

GOLD rose \$0.25 on the London bullion market

to \$350.50. In Frankfurt and Zurich it closed at \$348.75. In New York, the Comex August settlement was \$348.7. Page 26

COFFEE prices rose on the London futures market

after a cold snap in Brazil at the weekend damaged part of next year's crop. The November futures position, which had opened at \$2,510 a tonne, ended \$26.50 up at \$2,494 a tonne. Page 26

WALL STREET: The Dow Jones industrial average closed 4.19 up at 1,322.11. Section II

LONDON shares were subdued

ahead of further possible labour unrest and the FT Industrial Ordinary index slipped 4.4 to 332.4. Section II

TOKYO: Nikkei-Dow Jones average closed 6.47 higher at 10,575.19

, its sixth successive rise. Section II

EEC: Inflation fell in July to 7.1 per cent

, a level not seen since the first oil price shock in 1973, the EEC statistical office said. Page 10

FRENCH wines and spirits exports benefited from a record boost in the first half of the year

, helped by the strength of the U.S. dollar. Page 3

HONG KONG'S economic growth this year is expected to exceed the 6 per cent forecast in April

, largely because of a strong rise in exports. Page 4

OSBORNE COMPUTER, California-based personal computer maker that went bankrupt last year

, is planning a public offering of \$m shares at \$1 a share while still operating under Chapter 11 of the U.S. bankruptcy code. Page 13

SOTHEBY'S, London fine art auctioneers bought by American Alfred Taubman

, said day-to-day running was to be resumed by its British directors.

BANK OF MONTREAL third-quarter profits fell to C\$63.5m

, or 71 cents a share, against C\$77.2m or C\$1.07 a share.

INTERNATIONAL THOMSON, Canadian publishing, travel and energy group, lifted net income to \$33.2m (\$69.1m) in the first half of 1984 from \$26.6m a year ago

, partly because of a \$19m profit from the sale of Reuters shares. Lex, Page 10; Details, Page 13

KAISER CEMENT, U.S. cement manufacturer and distributor, has written off its 36 per cent interest in China Cement of Hong Kong

, which will result in a net loss of about \$50m for the third quarter. Page 13

Today's International edition is published in two sections, reflecting the seasonal reduction in pagination. Companies and Markets are combined in Section II.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Sinking of uranium ship may raise questions over precautions

BY DAVID MARSH IN PARIS

FRANCE AND BELGIUM intensified consultations yesterday over Saturday's sinking of a uranium-carrying French cargo ship off the Belgian coast. The sinking seems certain to raise questions over security precautions governing international transport of nuclear materials.

The French and Belgian governments have minimised the danger of pollution from the shipwreck, but a leading French nuclear industrialist acknowledged yesterday that the Mont Louis's collision with a West German-registered ferry was bound to have a "psychological" effect, increasing public disquiet over transport of radioactive substances.

M Guy Lengagne, the French Sea Minister, visited the Belgian port of Ostend yesterday for talks with Belgian officials. French and Belgian naval vessels were on standby around the shipwreck, 18 km off the Belgian coast, to warn off Channel shipping and monitor the seawater for possible contamination.

So far, the 30 km-long steel cylinders containing a total of 225 tonnes of uranium hexafluoride (UF6) bound for the Soviet Union are believed to be undamaged. Compagnie Generale Maritime, the French shipping company that owns the vessel, signed a contract on Monday with two specialist Belgian and Dutch companies to salvage the containers.

Diving is expected to start almost immediately but recovery might take a few weeks.

The French nuclear industrialist, speaking privately, said the Mont

Louis accident was "nothing." He was more worried, he said, about leakage of oil from the ship's fuel tanks than the dangers of sea contamination from uranium or the toxic hydrofluoric acid, which would result from contact of the UF6 with water.

He agreed that newspaper coverage of the mishap would increase unease about nuclear sea transport at a time when French anti-nuclear groups were already protesting about a planned shipment involving far greater potential hazards. That is a commitment to Japan later this year of plutonium from the La Hague nuclear reprocessing complex in north-west France.

Belgian authorities yesterday played down reports of delays in

notifying the toxic nature of the Mont Louis cargo. The Government said the governor of the province of West Flanders had been informed on Saturday night that the ship was carrying UF6.

None the less, lack of information over the vessel's contents seems to have added to confusion immediately after the collision.

Cogema, the French state-owned nuclear materials group, said the shipment was part of regular consignments of UF6 to the Soviet Union on the Le Havre-Biga line.

About 2,500 containers have been sent for enrichment in the Soviet Union since France signed long-term uranium contracts with the Soviet organisation Technobex in 1973. Cogema said yesterday

that Saturday's was the first reported accident.

The contracts, initially for about 700,000 separative work units (SWUs) a year (enough to enrich uranium for the annual needs of about six 900 MW pressurised water reactors), were scaled down last year because of the world nuclear slowdown and substantial overcapacity in France's civil enrichment facility, Eurodif, in the Rhone valley.

Eurodif, which has a maximum performance of 10.8m SWUs a year, or about a quarter of the world's enrichment capacity, processes uranium mainly for Electricite de France and European utilities, mostly using road and rail links. However, it has been stepping up enrichment

business with U.S. utilities over the past year, profiting from the strength of the dollar to offer contracts well below prices from the U.S. Department of Energy.

Until the Mont Louis sinking, controversy in France over sea transport of nuclear materials has centred primarily on radioactive waste sent to the La Hague complex from Sweden and Japan.

Since the beginning of 1983, the Swedish nuclear industry has been using a specially reinforced ship, Sigen, to transport the highly radioactive plutonium-containing waste left after burning off uranium fuel, which is considerably more toxic than unburnt uranium and which poses certain hazards of nuclear weapons proliferation.

Strike halts less than half of UK docks trade

BY OUR INDUSTRIAL AND LABOUR STAFF

A CONFUSING DAY of mass meetings in many of Britain's ports yesterday failed to produce total support for the country's second national dock strike of the summer.

By last night, the dockers' union had succeeded only in halting ports that normally handle a total of 45 per cent of the UK's seaborne trade.

Dockers at five important ports, including Southampton and Cardiff, voted to join the strike, called by the Transport and General Workers Union (TGWU) last Friday. Men at Grimsby and Immingham on Humberside, who had voted overwhelmingly against a strike on Sunday, also stopped work yesterday.

However, more than 20 smaller ports, many of them part of the national dock labour scheme, voted to stay at work. Felixstowe and Dover, the two biggest non-scheme ports, are also still open. The chance of the strike's turning into a crisis for the Government will now depend on the ability of the TGWU to mount effective picketing.

Port employers, however, were reported last night to be concerned that government ministers might exacerbate the dispute by their public statements. That followed aggressive comments made yesterday by Mr Nicholas Ridley, the Transport Secretary.

Mr Ridley accused the leaders of the TGWU of "brazen foolishness"

in attempting for the second time in six weeks to stage a political strike in support of Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), and the striking miners.

Mr Ridley said that an attempt to force dockers to go on strike against their will in a bid to wreck the economy and "smash the Government" would not be allowed to succeed.

The minister accused those seeking to achieve a national dock strike of adopting the "communist line." He spoke after conferring with senior colleagues on the Cabinet committee responsible for overseeing the arrangements for dealing with the implications of the disruption in the coalfields and in the docks.

The ministers later reported to Mrs Margaret Thatcher, the Prime Minister. It was Mrs Thatcher's first working day since her return from a Swiss holiday and Mr Ridley's comments were said to reflect her determination to ensure that any challenge to the Government's authority by militant and unrepresentative union leaders should not succeed.

The docks strike was called after British Steel used its own labour to berth a coal vessel, the Ochia, which dockers, supporting the 25-week miners' strike had refused to handle.



die. The Government and British Steel have described the strike as political, but the TGWU claims that it is over British Steel's use of "scab" or strike-breaking labour.

At yesterday's port meetings it was clear that many dockers agreed that the strike was political. An estimated 600 rebels among the Port of London Authority's 2,000 Tilbury dockers called for a return to work at an unofficial mass meeting.

Mr Medlock Bibby, a dockier for 25 years, had called the meeting, under a banner which read: "Let common sense prevail." There will be an official mass meeting at the port tomorrow. If dockers should return to work in London, usually one of the TGWU's strongholds, it would be a considerable blow to the union.

At Bristol's Avonmouth docks, south-west England, there was anger and confusion as many of the port's labour force rebelled against an instruction to strike. A meeting ended in uproar when union officials ignored repeated calls for a vote on the issue and simply told the 900 workers to stop work.

Some dockers then went home or joined picket lines at the port entrances, but many others returned to work.

Coal dispute, Page 2; Editorial comment, Page 8

Paris steps up soft loans for industry

By David Housego in Paris

THE FRENCH Government yesterday announced a fresh increase in subsidised loans to boost industrial investment.

The move runs counter to the avowed intentions of Prime Minister Laurent Fabius's new administration: to reduce aid to industry while cutting its tax burden. Officials, however, justified it yesterday by saying it was needed to satisfy industry's growing long-term credit requirements while investment was picking up but companies' cash position, although improving, was inadequate to bear the financing load itself.

French industry is among the most heavily subsidised and regulated in Western Europe. The aim of M Fabius and M Pierre Berégovoy, his Finance Minister, is to reduce government intervention and cut industrial subsidies and taxes as part of a liberalisation of the economy. The shift in policy had already been initiated by M Jacques Delors, the former Finance Minister.

The new measures will provide industry with a further FF 6bn (\$661m) of soft loans this year in addition to the FF 46bn already authorised. In an effort to reverse the recent lengthy decline in French industrial investment, this year's allocation was already sharply up on the FF 38bn authorised last year.

In 1983, French private and public-sector industry invested a little over FF 100bn in fixed capital formation.

This year's FF 52bn in subsidised credits will thus cover about

Knapp quits as FCA chief to calm depositors

BY WILLIAM HALL IN NEW YORK

MR CHARLES KNAPP, the former investment banker who built Financial Corporation of America (FCA) into the biggest thrift institution in the U.S. in less than a decade, has resigned as chairman and chief executive of the troubled institution.

FCA announced a fortnight ago that it had been forced by the U.S. Securities and Exchange Commission (SEC) to restate its second-quarter results to show a massive \$107.5m loss.

Pressure has been growing ever since then for Mr Knapp to resign. His aggressive pursuit of growth for his institution and his gamble on lending huge parts of its balance sheet at fixed rates was based on the hope that interest rates would soon fall.

That policy has led to growing nervousness among many depositors over the last fortnight.

It has become increasingly clear that many were unwilling to roll over their funds in FCA's principal operating subsidiary, American Savings, unless Mr Knapp was forced to relinquish control and more conservative management installed.

Some \$15bn of American Savings' \$25bn of deposit fall due before the end of September.

Last week, FCA announced a senior management reshuffle and elected three existing executives to be co-chief operating officers, relieving Mr Knapp and Mr Foster Fluetsch, chairman and chief ex-

ecutive of American Savings, of day-to-day responsibilities.

However, it is clear that the moves were insufficient to remove the anxiety of several big depositors and shareholders.

In a letter to shareholders yesterday, Mr Knapp said: "Pressures have been unrelenting and it is now clear that additional management changes are necessary to best preserve depositor and shareholder confidence."

A new chairman and chief executive is expected to be announced within the next 24 hours.

Among the names being mentioned in Californian financial circles are those of Mr Bill Popejoy, who successfully turned round Financial Federation, an ailing Californian savings and loan institution, and Mr Anthony Franks, chief executive of First Nationwide, one of the most respected figures in the U.S. savings and loan industry and a frequent critic of Mr Knapp's aggressive strategies.

Wall Street responded favourably to Mr Knapp's abrupt resignation and FCA's share price, which has been as low as \$4 over the last fortnight, closed 5/8 up at \$6 1/2 on the news.

Given that so many of FCA's apparent problems were associated with Mr Knapp's strategies, analysts said that his removal would go a long way towards restoring confidence in it.

Wall Street, Page 11

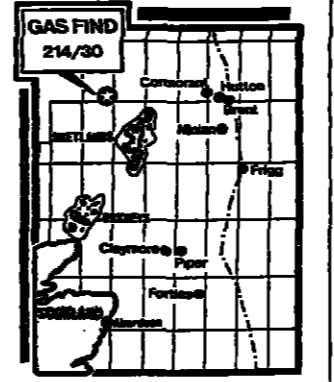
Britain finds gas west of Shetland

BY DOMINIC LAWSON IN LONDON

THE BRITISH Gas Corporation has discovered a significant gas field west of Shetland. It is the first known big gas discovery in the area and raises hopes that the UK might have a second gas province, to follow the established gas producing areas in the North Sea.

The well in block 214/30 cost £2m (\$11.7m) to drill, about £2m of the budget. Several oil companies such as Esso and British, have been drilling in the frontier areas west of Shetland at the same time as British Gas. Results from the other wells recently completed in the area have been kept very secret by the operators. With bidding in the ninth round of oil and gas licences on close on December 17, such information has a very high commercial value.

The discovery was made by the rig High Seas Driller in 2,000 ft of water, probably the deepest water of any UK oil or gas discovery. The rig was specially modified for the operation. Although the extreme depth made testing difficult, British Gas admitted yesterday that the discovery flowed at about 60m cubic feet a day. This is a very good flow rate by any standards, and consid-



erably greater than some North Sea discoveries which have subsequently been developed.

Although the field is thought to be of a size which would be developed in the North Sea, the isolated nature of the find appears to rule out its being developed as it stands. British Gas, which owns the entire block, must be hoping, however, that other gas discoveries will be made west of Shetland, thus providing a more viable development.

Continued on Page 10

Japan ready to boost spending in California

By Louise Kehoe in San Francisco

JAPANESE companies are committed to investing at least \$1.5bn in California and creating 11,000 new jobs if the state enacts legislation to modify its unitary taxation, Mr Akio Morita, chairman of Sony, announced in San Francisco yesterday.

With the state assembly due to vote this week on a Bill that would give multinationals the option to be taxed on U.S. income under a "comprehensive water's edge" system rather than worldwide income under the unitary tax system, Mr Morita's statement was seen as a challenge to the California legislature.

Mr Morita said that a recent survey of the largest Japanese companies showed that 56 would invest in new plants and 43 would expand existing operations in California if the state stopped taxing companies on worldwide earnings.

Meanwhile, several U.S.-based multinationals, including IBM, have mounted a vigorous campaign to defeat the legislation which they claim unfairly benefits foreign competitors by providing them with a tax break that would not be available to the U.S.-based groups.

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EUROPEAN NEWS

Confidence returns as output rises in West Germany

BY JONATHAN CARR IN BONN

WEST GERMAN business confidence, which was badly shaken by the damaging strike wave of the spring, has largely recovered and there is particular optimism about export prospects. The Ifo economic research institute notes that industry has stepped up production—partly with the wave of demand in July which followed the strikes. Further production increases are planned for the coming months. In its latest survey of business opinion released today, Ifo stresses that there is greater optimism not least in the key capital goods sector. Orders in hand have increased and business expectations for the next six months improved markedly. The mechanical and electrical engineering industries and makers of consumer durables, are among those expecting foreign sales to rise further. Even manufacturers in the long-depressed commercial vehicles sector see chances of increased exports. Ifo's report comes at a time of growing debate about whether the country's economic recovery is already in a flagging, after the 1.3 per cent

economic growth rate in real terms achieved last year. Apart from the economic setbacks caused by the strikes in the printing and metal-working sectors, there is worsening news from the building industry with dwindling orders and more layoffs expected. But in its latest report on the economy, the Federation of German Industry (BDI) stresses that there is no good reason for pessimism. First half orders were up on average, in real terms, by 7 per cent and this will continue to give a significant push to production well into the second half. The BDI also notes that foreign demand for West German goods is much stronger than anticipated. In the first seven months exports were up by 12 per cent against the same period of 1983, and in July alone up by 19 per cent. Moreover, the inflation rate is falling sharply. The increase in consumer prices this month is expected to be only about 1.6 per cent above the level of August last year. This would be the first time for 16 years that inflation, at an annual rate, has sunk below the 2 per cent mark.

E. European leaders plan autumn visits to Bonn

BY LESLIE COLLITT IN BERLIN

TWO EAST European leaders are to visit West Germany in autumn despite a continuing barrage of accusations against the Bonn Government by the Soviet Union. Mr Tudor Zhivkov, the Communist Party leader and President of Bulgaria, one of Moscow's most devoted East European allies, is to visit Bonn from September 19 to 22. He will be followed in mid-October by Mr Nicolae Ceausescu, the Romanian leader. East Germany's main communist newspaper displayed a report about Mr Ceausescu's forthcoming visit to West Germany on its front page, instead of inside the newspaper as is normally done with such items. East European diplomats said this could be seen as hint by East Germany that its leader, Herr Erich Honecker, would also like to go ahead with his planned visit to West Germany late next month. Herr Honecker, whose Govern-

ment has been obliquely criticised by Moscow for exposing itself to alleged West German attempts to subvert East Germany, was the only East European leader last week to attend communist Romania's 40th anniversary celebrations. In a recent interview the East German President said his country would continue its dialogue with West Germany. In an indirect reply to Soviet criticism that East Germany was in danger of being usurped by West German advocates of reunification, Herr Honecker noted that Moscow had accepted the West German Foreign Minister's letter on "German unity" in its 1970 treaty with Bonn. Czechoslovakia's leader, Mr Gustav Husak, yesterday renewed charges by hardline Warsaw Pact governments of West German "revisionism" in an article in the Soviet communist newspaper Pravda.

Greece puts pressure on Kyprianou over UN bid

By Andreas Ierodiakonou in Athens

THE GREEK Government is set to advise President Spyros Kyprianou of Cyprus to agree to a United Nations plan for indirect negotiations with the Turkish Cypriots for a peace settlement for the divided island. Mr Kyprianou, who arrived here yesterday, will hold joint consultations with Mr Constantine Karamanlis, the Greek President, and Mr Andreas Papandreu, the Prime Minister, today. Yesterday Mr Papandreu met opposition Conservative and Communist leaders in an effort to hammer out a policy line on Cyprus, which would be based on all political parties in both Athens and Nicosia.

The starting point for the proposed negotiations is to be a set of "working points," or preliminary suggestions for a settlement, submitted to the Greek Cypriots and Turkish Cypriots by Sr Javier Perez de Cuellar, the UN Secretary General, about three weeks ago.

According to reports in the Nicosia and Athens press, said to be accurate by Western diplomats in Cyprus, the working points submitted by Sr Perez de Cuellar include: ● The setting up of a transitional federal government on the island. ● The return of Greek Cypriot refugees to seven areas of the occupied port city of Famagusta under a transitional UN administration. ● The re-opening of Nicosia international airport, which is in no-man's-land at the moment, under UN command for use by the Greek Cypriots and Turkish Cypriots.

As a general framework for a settlement, Sr Perez de Cuellar is understood to have proposed a bi-zonal federal state, as agreed in summit meetings in 1977 and 1979 by Mr Denktash and Archbishop Makarios, President of Cyprus at the time.

The Greek Cypriot side is believed to have reservations about the idea of a transitional government, and the re-opening of the port for entry into the south and the north of the island.

There has been no public response on the working points yet by the Turkish Cypriots. The two sides have been asked by the UN Secretary General to make their views known by the beginning of September.

The positive tone of the Greek reply to the UN initiative is reportedly being set by Mr Karamanlis.

David Marsh profiles France's youngest Prime Minister for almost 170 years

Fabius leads the assault on the middle ground

"HE IS a pleasant man, his conversation easy, his language clear," says M Andre Bergeron, leader of France's Force Ouvriere blue collar workers' union.

He is called "Fafa" by his wife. A family man, on Sunday afternoons he takes to the cinema or takes the children to the zoo. One of his favourite TV programmes is "Dallas."

He is young, but, as M Raymond Barre, the former Prime Minister, said with veiled approval a few days ago: "Luckily for him, he has other qualities which are less transitory."

He is M Laurent Fabius, just turned 38, who for the past six weeks has been basking in a media glow as France's most youthful Prime Minister since the Duke of Dezares in 1815.

He has been invited into high office as the crucial part of President Francois Mitterrand's attempt to secure a life-line to France's political middle ground.

In keeping with the shadowy political maze through which Mitterrand has asked him to tread M Fabius remains a mystery figure for most of the French electorate.

During his first month in power, he has given the Socialist government a new leitmotif. A far cry from the self-confident thump of summer 1981.

If Mme Simone Veil, the matronly but ineluctable opposition leader who headed the Right's European elections list, is the Queen Mother of French politics, then M Fabius would no doubt be the Prince Charles.

Preaching progressive views and liberal virtues in public, he plays down his well-born background (not always appreciated in the Socialist party) and his one-time predilections for horse-racing and fast cars.

His lightning visits to the provinces this month have been carefully staged to drive home an appeal to the French people's legendary hard of common sense. M Fabius does not go in for the good-naturedly disorganised hand-shaking rambles which marked the style of M Mauroy. Instead, brisk inspection tours by helicopter are the order of the day.

At Toulouse in the south of France M Fabius used a ceremonial address marking the 40th anniversary of the Allied and French landings in Provence to underline the message that "France is never so strong than when it is united."

In a Normandy tour of high technology installations, he stressed the importance of computers and developments like the Ariane space programme in the "modernisation" of France. During a trip to the Midi agricultural region in the southwest, M Fabius held out the velvet glove to farmers by declaring with typical offensiveness, that he was trying

to achieve "better understanding" of agricultural matters. M Fabius in public gives the impression of effacing his intellectual powers and political ruthlessness behind a veil of politeness and modesty. Certainly, his parental background—he comes from a wealthy antique-dealing family—is not trumpeted about the manner of M Mauroy, who used to tell interviewers with pride that his genealogy stretched back through four centuries of woodcutters and farm labourers.

A fondness for holding his cards close to his chest has been prompted by criticism of his actions earlier in the life of the Socialist government. As Budget Minister in 1981, he presided over the original, unreserved, boost in state spending and levied unpopular taxes on the well-off—although he was also one of the first to counsel the President (at the end of 1981) to change course and curb the budget deficit.

Employers have been impressed by the Government's "new tone." While avoiding promises, M Fabius (right) has put the accent on less state interference, and action to boost industry's profits and speed up investment. A new call has gone out for the nation to rally together to push through painful but vital industrial restructuring.



A former chairman of a nationalised bank, who has a prime view of M Fabius' governmental apprenticeship, says: "He has a marvellous brain—but his ideas were entirely theoretical three years ago. Now he says serious things about serious matters."

He has also learned—particularly during his previous 16-month spell as Industry Minister when he was sometimes accused of dodging responsibility—the value of discretion as a means of working with maximum efficiency and minimum adverse publicity.

The discretion extends to his collaborators. The Fabius-style Mitterrand will be lightly managed to prevent unwanted "leaks" and harmonise the flow of information from other ministers. "We no longer talk so much about principles, but about solutions," says an official.

M Fabius' problem is that his carefully-nurtured image of technocratic modernity may start to look like a gimmick, unless he produces economic results.

For the moment, the opposition, although muttering about "window-dressing" and "trompe-l'œil," has had the wind taken out of its sails by a man who appears to espouse many of their economic policies.

And many voters—who M Fabius believes are increasingly ready to break out across the traditional Left-Right divide—could be attracted by the appeal of the middle ground.

Consensus politics in France, however, can be a dangerous game. If M Fabius succeeds, he could provide the means to launch M Mitterrand—and France—on to a new social democratic course. If he fails, he may still go down in history as modern France's youngest ex-Prime Minister.

Spain adjusts policy to secure accord

BY DAVID WHITE IN MADRID

THE SPANISH Government has offered to state companies. The former would rise by more than 10 per cent—possibly a small increase in real terms—and the latter by less than 6 per cent.

Higher real investment by the Government in order to stimulate employment is one demand shared by the unions and the CDOE industry federation.

rather than on financial transfers to state companies. The former would rise by more than 10 per cent—possibly a small increase in real terms—and the latter by less than 6 per cent.

Higher real investment by the Government in order to stimulate employment is one demand shared by the unions and the CDOE industry federation.

Overall public investment next year would rise to Pta 1,286bn (\$7.8bn), an increase of 8 per cent, compared with initial plans for a growth of less than 5 per cent. However, this figure includes funds earmarked for modernising the armed forces—sharply up at Pta 204bn.

Leaving this aside, the proposed investment increase stands at 8 per cent, dropping slightly in real terms

in line with the Government's policy of gradually reducing the country's budget deficit.

The Government has presented partners with several choices for meeting the cost of social security. In addition to the two basic options—higher contributions or a sharp rise in the state subsidy—it has put forward a third, likely to be more acceptable to the unions.

Under this plan for cutting the pension rights of people reaching retirement would be delayed for another year, with the cost being met by the state and by contributors.

The negotiations, which have also focused on union proposals for a jointly-financed "solidarity fund" for employment, are due to resume tomorrow.

UK NEWS

FULL SUPPORT AT TUC CONGRESS DEMANDED

Unions clash on miners

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE general council of the Trades Union Congress (TUC) and the National Union of Mineworkers (NUM) executive are now set to take sharply differing positions on the future course of the miners' dispute.

A full meeting between senior union leaders and the NUM executive, for which the TUC has pressed before Congress next week, is now unlikely because the miners' executive does not wish it. This is a clear rejection of TUC attempts to take hold of the dispute by offering support on defined terms.

A call by the miners for militant and "total" support to Congress is now certain.

The NUM has told the TUC that it no longer wishes to accept an amendment to its motion to TUC Congress calling for "total support" from the National Union of Railwaymen, which calls for a levy of 10p per union member per week in aid of the miners.

The union will, however, accept two further amendments from the train drivers' union Aslef and the National Union of Seamen which forbid the crossing of all picket lines and block the use of coal.

The NUM and its allies among left-led unions have concluded that the motion for support could not pass Congress if it contained the call for a 10p levy. Both left-led and

right-led unions have made it clear that such a level of support, amounting to many thousands of pounds a week in the case of the bigger unions, could not be borne.

The NUM motion, with another rejected amendment from the Furniture Trades Union calling for a one-day general strike in support of the miners, will stand alone.

The NUM motion may be supported by the NUM—though its failure will not affect the main motion of support, which the miners leadership now expects to be passed.

If it does, miners and other workers who cross picket lines or use "blackened" coal could face TUC disciplinary procedures.

The NUM, which has manned the pumps and ventilation equipment to provide safety cover during the strike, withdrew the cover a week ago when six men crossed picket lines to return to work.

Yesterday the Polkemet miners gathered in their welfare club in the neighbouring town of Whitburn to await news. The NUM has no comment on the development and is likely to insist that the pit can be saved.

Polkemet miners, by a reported 80 per cent majority, voted originally not to join the miners' strike.

Police pay offer reduced to 3.3%

POLICE authorities yesterday cut their pay offer to 140,000 officers in England and Wales from 4.8 per cent to 3.3 per cent—and to nothing at all for lower grade junior police constables.

The row over police pay which will be provoked by yesterday's offer will be embarrassing to the Government at a time when it is heavily dependent on the police to counter violence in the miners' dispute, and when it is trying to restrain public sector pay.

Police representatives were angry at the employers' decision. Both sides agreed to conciliation, which is likely to lead to arbitration.

THE NATIONAL Economic Development Office (NEDO) has forecast higher investment in process plants in Britain this year after earlier predicting further falls from disappointing 1983 figures.

NEDO says in its latest forecast that spending, which fell 5 per cent to £1.8bn last year, should rise this year by 16 per cent to £1.9bn.

THAMES TELEVISION, the London weekday commercial television channel, will be off the air until at least Thursday after a decision yesterday by technicians to continue their strike.

The strike centres on 70 staff refusing to work new rosters. The rosters aim to cut out expensive overtime agreements, saving Thames £200,000 a year. The Association of Cinematograph and Television Technicians had agreed to binding arbitration, but the decision was overturned at a meeting last week.

PROPOSED CHANGES in banking law will give the Isle of Man some of the best legislation of its kind in the world, and in some important aspects better than the British, says Mr Jim Noakes, the island's banking supervisor, in his report for the year to March 31. The island has recently seen banking scandals.

GRANVILLE & CO, the City of London-based investment and financial services group, is to seek £2m from private investors for a new Business Expansion Scheme fund.

Jobs increase puzzles Denmark's planners

BY HILARY BARNES IN COPENHAGEN

DENMARK'S economic policy-makers are slightly perplexed by a substantial increase in employment this year. They hope they have a small miracle on their hands, but suspect that statistical aberrations and technical factors may be at least partly responsible.

Second quarter statistics, based on employer pension contributions, show that 50,000 more people were employed than in the same period last year. This is an increase of 2.2 per cent, virtually all of it in the private sector, and brings total employment in Denmark to a record 1.83m.

The figures, however, seem too good to be true. "We suspect they exaggerate, although they are not entirely improbable," said an Economy Ministry official.

In fact, the Bureau of Statistics withheld the first quarter pensions statistics on the grounds that they could not be correct, but they were confirmed by the second quarter figures.

Employment has risen in most sectors. It has increased in manufacturing by 16,000 or 4.5 per cent, to 381,000, in building and construction by 12 per cent to 107,000, in commerce by 9,000 or 4 per cent, and in unspecified businesses by 10,000.

The increase in the public sector has been a more modest 1,200, bringing the total to 673,200, the lowest increase for at least two decades.

The main reason for official caution is that unemployment

has not shown a corresponding decline. It fell by only 4,600 (0.6 per cent) to 232,100 in June from a year earlier.

However, there has been an unexpectedly strong recovery in demand since the summer of last year. First half retail sales in volume terms were about 4 per cent higher than last year. New car registrations increased by 13 per cent and housing starts rose by 8 per cent.

The volume of deliveries by the manufacturing industry in the second quarter was up by 6 per cent, from the same period last year.

It proposes, in addition to taxes on fertilisers, restrictions on the number of animals per farm and acre; and compulsory storage of manure and slurry for 12 months, with spreading taking place only in the spring when plants can best absorb nutrients. These and other measures could reduce the leaking of nitrates by 35 per cent and virtually halt pollution of water resources from organic materials, says the report.

The agency's report claims that out of a total supply of nitrogen to agriculture of 846,000 tonnes, some 290,000 tonnes end up in the water table, streams, lakes and the sea. About 230,000 tonnes of this arises from artificial fer-

tilisers and 80,000 tonnes from manure.

The problem of pollution by nitrates, phosphorous com-

Soviet call for economic reform experiment to be extended

MOSCOW—A leading Soviet economist called yesterday for further experimental reforms of his country's industrial system to achieve an increase in productivity which he said was vital to maintain the rate of economic development.

Mr Abel Aganbegyan is head of the Novosibirsk Economic Institute, which is viewed by Western analysts as the Soviet Union's most radical source of economic thinking.

Writing in Trud, the trade union daily newspaper, he said that a declining birth rate and increased difficulties in obtaining raw materials threatened the economy with stagnation.

The labour force grew by 11m in the five years to 1980 but the 1981-85 five-year plan would see a rise of just 3m, he said.

At the same time, the rate

of growth of capital investment in the two five-year plans had dropped from 32 per cent to 10 per cent as an ever greater proportion of fuel and raw materials had to be extracted under difficult conditions in Siberia.

The European part of the country now provided barely 9 per cent of national requirements of fuel and energy.

"In these conditions, to ensure an annual increase of say 4 per cent in national income (the Soviet equivalent of gross national product), labour productivity must grow by 2.5, or better still 3 per cent," said Mr Aganbegyan.

"In other words, normal development of our economy requires us to speed up the rate of growth of labour productivity by at least one-and-a-half times."

He added that there had been good first results from an experiment, begun in a limited sector last January, of giving more autonomy and greater personal responsibility to factory managers and bigger productivity-linked bonuses to workers.

The politburo announced last week that the experiment would be extended to other sectors in late next year.

Linking wages to the value of production could mean substantial cuts in wastage of raw materials, said Mr Aganbegyan.

"With such an approach every superfluous use of material resources would hit the worker's pocket, in so far as a cut in material costs would mean more money available for payment."

Reuter

Malta presses for concordat with Vatican

By Godfrey Grim in Valletta

MALTA IS insisting on negotiating a concordat with the Vatican to eliminate what Premier Don Mintoff's Socialist Government terms "the present anarchistic and chaotic" relations dividing state and church.

The proposal came as talks on the future of Roman Catholic schools in Malta floundered on the brink of collapse. The talks were suspended when the Maltese Government realised it could not press ahead with demands for church schools to dismantle their fee-paying system.

The correspondence with the Vatican, published unilaterally by Malta yesterday shows the Vatican to have almost completely ignored the call for a concordat.

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Surge brings French

Indian G for broke

U.S. sa threate on stre

Surge in dollar brings record for French wine exports

BY DAVID HOUSEGO IN PARIS

THE STRENGTH of the U.S. dollar has contributed to a record boost in exports of French wine and spirits in the first half of the year.

According to the French association of wine and spirit exporters, foreign sales rose by 22 per cent in the first six months of the year to FFf 95bn (£7.9bn) compared with the same period in 1983.

The sharpest rise was in the U.S. which now accounts for almost a quarter of the total wine and spirit exports and where French producers have benefited from the sharp fall in the franc against the dollar over the last four years.

French sales to the U.S. rose by 41 per cent in the first half to FFf 2.1bn with champagne exports up in value by 64 per cent to FFf 954m and in volume by 54 per cent to 35,906 hectolitres.

The record increase in wine and spirit exports has mainly affected the high quality French products—champagne, brandy and cognac and Burgundy wines.

But it comes at a time when the lower-range table wine producers of the Midi are also making a major effort to boost their revenues by export sales.

In recent years they have lost ground abroad to the more aggressive marketing of Italian wine producers.

After the U.S., Britain is the second largest market for French wines and spirits, absorbing 13.7 per cent of French exports worth FFf 1.3bn. Exports to Britain rose by 21 per cent in the first six months of the year.

Champagne sales to Britain showed only a modest 6 per cent increase, while spirits, notably brandy sales, fell. Sales of Appellation d'Origine Contrôlée (AOC) wines rose by 22 per cent while exports of the cheaper table wines also rose by a similar amount.

The wine producers now expect that exports this year will top last year's record FFf 16bn. In the U.S. market, champagne exports were only FFf 7.7bn. The second half of the year is traditionally the period when sales are greatest.

In the U.S. market, champagne is the second largest European importer of French wines, absorbing 13.4 per cent of French exports.

Though overall exports to West Germany were up by only 11 per cent, the West Germans are becoming increasingly avid drinkers of French champagne. Champagne exports in the period rose by 35 per cent.

In the U.S. market, sales of Bordeaux wines rose by 104 per cent to FFf 282m, while white burgundy sales rose by 29 per cent to FFf 219m.

Indian groups sign pacts for projects in Iran

BY K. K. SHARMA IN NEW DELHI

A NUMBER of agreements have been reached or are being discussed between Indian and Iranian companies on establishing industrial projects in Iran. They are expected to raise substantially the value of capital goods and engineering goods exports to Tehran.

Iran's Towil part has signed an agreement with Escorts of India for setting up a plant for the manufacture of shock absorbers and is negotiating with Hindustan Machine Tools for shipments of machines for other plants.

India's Kamani Engineering Corporation, which is already setting up a major project in Northern Iran, is now negotiating for establishment of a transmission towers project at Avrgan.

Metro Exporters of India have signed an agreement with Iran's Rekab company for setting up a bicycle plant in Isfahan while Bajaj Auto and Iran's Terzo Company are working on an agreement for a project to assemble and manufacture motor scooters.

Taking into account new imports to Iran of engineering products from India such as jeeps, lathe machines, aluminium conductors, transmission lines, railway tracks and cranes, estimates are that exports of engineering items to Iran will reach Rupees 700m (£46m) a year compared to just Rs 325m in 1972.

Iran and Japan have signed a \$6.6m (£4.4m) contract for the construction of nine floating docks for Iran's southern ports and islands, agencies report.

U.S. safety officials threaten new curbs on stretched system

BY LYNTON McLAN

AIRLINE management, facing a world of great uncertainty, are making commitments to aircraft more on a marketing basis or on the basis of copying other airlines, as in the 1960s and early 1970s. Dr Julius Maldutis, vice-president of Salomon Brothers, told aerospace industry leaders in London yesterday.

"If financial and profit criteria are now playing a much larger role in aircraft decisions, then the classic boom-and-bust periods that airlines and makers were subject to will moderate, if not disappear altogether," he told the FT conference on World Aerospace: After the Recession.

Technological revolutions and energy crises had raised the threshold of uncertainty, but "changing nature of competition" had made the industry even more unpredictable, Dr Maldutis said.

U.S. airline deregulation in 1978 spawned 23 new airlines, but one-third of the airlines created since deregulation have ceased operation.

The remaining airlines "stretched the U.S. airway system to its outer limits." They have so saturated the U.S. system that safety regulators "are again threatening to impose flight restrictions at the five major U.S. air centres."

Already there are a loud whimper of the need to establish the mandatory controls on flight frequencies, he said. This would be a first step back to regulation.

"Thus, while the rest of the world is starting to experiment with the U.S. de-regulation revolution, the U.S. may already be moving in exactly the opposite direction."

In the equity markets are no longer willing to finance the creation of new companies nor to finance the airlines that survive," Dr Maldutis said that, for all practical purposes, the institutional equity market for new airlines "no longer exists."

Equity investors will not finance new low-cost low-fare airlines until their portfolios have shown a significant recovery. Bankruptcies have become the rule rather than the exception," he said. "Several well known U.S. carriers are close to the brink."

He forecast that assets from such defaulting companies will not be recycled into new airlines but would find their way into established passenger operations or will be shifted into cargo uses.

Mr Knut Hammarskjöld, the director-general of the International Air Transport Association (IATA), has told delegates that in the first seven months of this year, combined airline passenger and cargo traffic grew by an average 10 per cent. Airline capacity grew by an average of 5 per cent over the period.

He estimated that the international scheduled services produced profits, after interest payments, of \$1bn (£763m) a considerable improvement on last year but only about 2.5 per cent of turnover on these services.

"Furthermore, the growth we are seeing is uneven," Mr Hammarskjöld said. "Some areas such as the Middle East and Asia, are moving ahead quite briskly. Latin America and Africa are very mixed while Europe and North America are essentially hard at work trying to recover the financial ground lost during the recession." He warned that "though growth patterns overall are improving, the recent surge may soon be over."

The main problem with dealing with economic downturn has been keeping costs under control. European Commission study showed that in Europe, airlines are only able to control 40 per cent of their costs. "The remaining 60 per cent depend on the whims or wishes of external forces such as governments, the world markets and unions."

"I cannot stress strongly enough that, even if, the economy does pick up, the fight by the airlines to keep down controllable costs must go on. Any hope of sustaining even modest profitability and keeping the airliner product affordable, hinges on staying lean Mr Hammarskjöld told the conference.

Mr Colin Marshall, the chief executive of British Airways, told delegates that the state-owned airline, shortly to be sold to the private sector, had "decrease both the pool of financing available and trade in aircraft and accessories."

U.S. to help China design biggest hydro-dam

BY DAVID HOUSEGO IN PARIS

THE U.S. and China have signed an agreement under which the U.S. Interior Department will help China design the world's largest hydro-electric project, the department said yesterday. AP-DJ reports from Washington.

What they are gambling on is that by the 1990s, the world price for aluminium ingots will have recovered to the point at which decent return on their investment can be assured. Until then, with hundreds of dollars lost for every extra tonne sold, the game is all about market share and comparative cost advantage.

What is already clear is that world production of alumina and aluminium is moving inexorably towards three countries: Canada, Australia and Brazil.

All three have abundant bauxite and cheap energy. But what Brazil offers in addition is a large internal market with much more potential for growth than the others.

In 1982 Brazil, with a population of 125m, consumed only 2.5 kilos per capita. By comparison, consumption in the U.S. was nearly 24 kilos, West Germany 19.5, and Japan 19.

But privately owned companies do not spend over \$1.2bn (£916m), as Alcoa and Shell have just done on Alumar, their recently inaugurated alumina, aluminium complex at Sao Luis on Brazil's north-east coast, on the basis of hope alone.

The dam is expected to be able to generate capacity of 13,000 megawatts. The largest U.S. dam in terms of generating power, Grand Coulee on the Columbia River in Washington, has a capacity of about half of this.

Pirelli Soviet deal

Pirelli, the Italian cable and tyre group, yesterday won a \$20m (£15.3m) contract to build a tractor component factory in the Soviet Union. Alan Friedman reports from Milan.

The agreement involves Pirelli providing the Soviet Union with machinery, know-how, engineering training and technical assistance for the construction of a specialisation belt plant which will manufacture belts for heavy agricultural machinery, including tractors.

A second agreement reached yesterday between Pirelli and the Russians involves the licensing of Pirelli technology for automotive belts.

R-R engine order

Rolls-Royce has won a £13m order to supply engines for Dutch frigates, our Trade Staff writes. The Spey marine gas turbines are the new class of multi-purpose frigates for the Royal Netherlands Navy.

The contract follows the announcement earlier this year of an Anglo-Dutch joint venture order Spey units in return for the purchase by the Royal Navy of the Dutch Goalkeeper rapid-firing close-in weapons system.

Telephone contract

Telephone Cables of Dagenham has won a turnkey contract worth £9m from the Botswana Telecommunications Corporation, our Trade Staff reports.

Over three years, TCL will complete surveys in northern and southern Botswana for the supply, installation and commissioning of local telephone cable networks.

High-stakes aluminium gamble in Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE ALUMINIUM industry always was one for the gamblers. Never more so than today in Brazil where the multinationals and the nationally owned companies alike are piling in additional capacity as if there were no excess already on world markets.

What they are gambling on is that by the 1990s, the world price for aluminium ingots will have recovered to the point at which decent return on their investment can be assured. Until then, with hundreds of dollars lost for every extra tonne sold, the game is all about market share and comparative cost advantage.

What is already clear is that world production of alumina and aluminium is moving inexorably towards three countries: Canada, Australia and Brazil.

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In 1982 Brazil, with a population of 125m, consumed only 2.5 kilos per capita. By comparison, consumption in the U.S. was nearly 24 kilos, West Germany 19.5, and Japan 19.

But privately owned companies do not spend over \$1.2bn (£916m), as Alcoa and Shell have just done on Alumar, their recently inaugurated alumina, aluminium complex at Sao Luis on Brazil's north-east coast, on the basis of hope alone.

One excellent reason for installing extra capacity in Brazil is that it is judged the cheapest place in the world to build a new plant.

Alumar's first phase came out at 20 per cent below original estimates, while the cost of the second phase, now under construction, is being revised downwards from \$385m to nearer \$210m.

"The recession in Brazil set the country back 10 years," says Mr Richard de Vries, who runs Billiton Metals, the Shell mining and minerals processing subsidiary, in Brazil. "But it also produced cost advantage which will last until 1989 or 1990."

Billiton, the smallest of the three established multinationals, has spent heavily in recent years to catch up with its main rivals in Brazil—Alcoa and Alcoa.

It invested over \$675m in taking a substantial minority stake in Alcoa's Sao Luis project and a similar holding in Valeant, a joint venture alumina plant in Rio de Janeiro with the state-owned Cia Vale do Rio Doce (CVRD). Alcoa, the pioneer of the Brazilian aluminium industry back in 1961, is today perhaps the most comfortably placed of the foreign companies.

It has a fully-integrated operation based in three states—Minas Gerais, Bahia and Sao Paulo—and a commanding 40 per cent share of the profitable

domestic market for fabricated products.

Its main rival within Brazil is CBA, part of the Votantim group. Brazil's largest private industrial concern, "CBA is a very well integrated, financially sound company with virtually no debt," Mr Tom Pickard of Alcoa said admiringly.

Before Alumar came on stream last month, CBA was the largest producer of primary aluminium in the country. But its market strategy has always been internal, even in the toughest years of the current recession.

Up to 1981, Brazil had always been a net importer of primary aluminium. But the recession, government price controls and export incentives, aided by a much devalued cruzeiro, transformed that picture overnight.

For corporate strategists, the supply and demand equation in Brazil is clearly laid down for the next two years. It is reasonably certain as far ahead as late 1988, by which time all the new aluminium-producing capacity

under construction, or planned, should be on stream.

Even with a reasonably fast domestic recovery, Brazil will have an additional 600,000 tonnes of aluminium ingot available for export by late 1988.

By 1988, when installed capacity is likely to have reached 1.2m tonnes, that surplus will have risen by a third again—to 800,000 tonnes.

These forecasts mean that within two years, Brazil will be second only to Canada as an exporter of ingots, above both the U.S. and Norway. Its production capacity by 1988 will push it above Canada in terms of output, trailing only the U.S.

The new aluminium-making capacity in Brazil will come largely from three sources: the expansion of Alumar to 235,000 tonnes, the likely doubling of capacity at Valeant to 180,000, and, most impressively, the arrival of Albras, the \$1,800m joint venture at Belém between CVRD and a consortium of 31 Japanese companies grouped in the Nippon Aluminium Company, Nalco.

After repeated delays, Albras starts coming on stream with its first 80,000-tonne line in the second half of 1985. Over the following three years, it will then steadily add another line a year, to a total of 320,000 tonnes.

Electricity costs in Brazil are good, on a par with those in Indonesia, although they are more expensive than those in neighbouring Venezuela and

considerably above Canada's rates.

The average tariff is 15 mills (1.5 U.S. cents) per kilowatt hour, compared with about 40 in Western Europe and 60 in Japan.

Some products get favoured treatment. Alumar, for example, has a ceiling price pegged at 20 per cent of the prevailing world ingot price.

Albras, in which the Brazilian Government is the majority shareholder through CVRD, has an even better deal.

With the world ingot price currently languishing around \$1,100 a tonne and new projects needing around \$2,400 a tonne to produce an adequate return on investment, costs have to be shaved all along the production line.

Despite the mushrooming of alumina and aluminium plants around Brazil, none of the six groups—four foreign-owned and two national—appear concerned about the prospect of over-capacity in Brazil itself, or the wisdom of their own expansion plans.

Provided costs remain roughly the same as today, they agree Brazil should remain a highly competitive player in this high stakes game.

Instead, the pressure will increase on the older U.S. plants which, as one expert says, cannot go on indefinitely taking the beating they are currently suffering. "Blood will be spilt," he forecasts but adds: "It won't be in Brazil."

Japanese vehicle makers push for joint ventures

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE MAIN thrust of the Japanese vehicle producers is now into overseas manufacturing operations and joint ventures. But, because they prefer to supply as much of the content of vehicles as possible from Japan, exports of knocked down vehicle kits is growing rapidly.

Shipments of knocked down (KD) car kits, for example, are forecast by the Economist Intelligence Unit to rise from 565,220 last year to 650,000 in 1984 and 750,000 in 1985.

In its latest Motor Business report the EIU points out that

the biggest growth in car kit exports last year was to the U.S. as Honda built up assembly there.

"It seems probable that the U.S. will continue to be the biggest growth market for Japanese KD car kits in the next year or so."

Nissan has announced plans to build cars there while Mazda and Mitsubishi have both indicated that they are considering the establishment of manufacturing facilities in the country.

"Moreover, the joint venture between General Motors and

the underlying fear of the Japanese car makers is that protectionism will intensify in the U.S. and hence investment in assembly and manufacturing operations in that country is the long-term target for all the major producers."

The UK will also become an increasingly important market for Japanese KD kits, the EIU suggests, with the start-up in two years of the Nissan assembly plant and the further expansion of BL's relationship with Honda.

The Motor Business report is a curtain-raiser for a new EIU publication, Japanese Motor Business, to be published from September onwards in response to that "widespread interest—and alarm—concerning the present and future impact and influence of the Japanese in world automotive markets."

The EIU forecasts that Japanese car output will reach a record 7.2m this year (up from 7.15m in 1983) and rise again to 7.25m in 1985. The KD kits are not counted in these totals.

Motor Business No 3, 1984 from EIU, 27, St James's Place, London SW1A 1NT.

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OVERSEAS NEWS

Beirut tensions ease as leaders prepare for cabinet meeting

BEIRUT — Street battles erupted yesterday in Beirut for the third consecutive day but political tensions eased slightly when Prime Minister Rashid Karami said all Ministers would attend a cabinet meeting today.

After meeting Mr Walid Jumblatt, the Druze leader and the Government's most outspoken critic, Mr Karami said: "We are all Ministers and will attend the session."

Yamani to urge Malaysia to rein in oil exports

BY WONG SULONG IN KUALA LUMPUR

SHEIKH YAMANI, the Saudi oil minister, flew into Kuala Lumpur yesterday for a visit aimed at persuading Malaysia to scale down its rising oil exports, as part of the attempt by the Organisation of Petroleum Exporting Countries to gain increased co-operation from non-Opec oil producers.

He met Dr Mohammad Mahathir, the prime minister, yesterday and will meet Tun Hussein Onn, chairman of the National Oil Advisory Council, and senior oil officials today.

'ANIMAL FARM' JIBE FROM SENIOR CIVIL SERVANT

Australian ministers angered by official's attack

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR PAUL KEATING, the Australian Treasurer, sought yesterday to neutralise the impact of a vigorous attack on Government economic policy by Mr John Stone, the outgoing Permanent Secretary of the Treasury Department, delivered in Perth late on Monday.

Mr Keating said that Mr Stone, who is due to retire in two weeks' time, had "simply come to the end of the road."

The Liberal-National opposition parties in the run-up to the general election widely expected at the end of this year.

Although still officially a civil servant, Mr Stone pulled no punches in his speech at the University of Western Australia in Perth.



Mr Paul Keating forward through their advisory councils and the like to their

ultimate bitter end," Mr Stone said.

He also criticised the Government's employment and industrial policies, warned that Australia's debt burden was increasing too rapidly, described as "disgraceful" the current 25 per cent unemployment among 15 to 19 year olds.

Mr Stone said the Federal Government's borrowing requirement had risen in just two years from 0.9 per cent of Gross Domestic Product to 4.7 per cent, while Australia's total public sector borrowing requirement had doubled from 4 per cent of GDP to 8 per cent.

"Moreover, while there is expected to be some reduction in both those figures in 1984/85, that will entirely result from the enormous one-off surge in

revenues which the budget will be experiencing this year," said Mr Stone.

"However one looks at these developments, the inescapable conclusion is that they have reflected a failure on the part of successive governments to come to grips with the real problems confronting Australia for the past 15 years or thereabouts," he added.

Yesterday, Mr Ralph Willis, the Minister for Employment and Industrial Relations, said that Mr Stone's comments "were a disgrace for a man holding a position as head of the Treasury. They are malevolent comments and I believe he should resign immediately."

Senator Peter Walsh, Minister for Resources and Energy, added: "Ever since 1975 and until 1983, the Australian

economy, relative to other comparable countries, had performed very badly. It was during that period that Mr Stone was the dominant influence on economic policy-making in Australia.

"In the last 12 months, since his influence has been less dominant, we have moved from a period of low growth, high inflation, and rising unemployment, into a period of falling unemployment, a 50 per cent reduction in the inflation rate, and—above all—the highest growth rate in the Western world."

While it wouldn't be fair to attribute the failure of the previous seven years to Mr Stone, they did reflect, to a substantial degree, his view of economic management, claimed the Minister.

Export rise improves Hong Kong's growth prospects

BY DAVID DODWELL IN HONG KONG

ECONOMIC GROWTH in Hong Kong is likely to be stronger this year than the 6 per cent forecast in April, largely because of a steep rise in exports, the Government said yesterday.

The report showed exports for the first six months of 1984 up by 25 per cent in real terms on the first half of 1983, and predicted that they should continue to be buoyant "in the short term."

With re-exports up 34 per cent in real terms, and imports up by a comparatively modest 19 per cent, the territory's visible trade gap narrowed to 5 per cent at the end of June, compared with 12 per cent at the same stage last year.

In the longer term, export growth is likely to slow, the report says, largely because the 36 per cent surge in the real value of exports to the U.S. recorded in the first half of 1983 is likely to decelerate. The U.S. now accounts for 45 per cent of Hong Kong's exports by value.

Inflation is now running at less than 9 per cent, compared with 12 per cent at the end of 1983, while unemployment has fallen to 3.5 per cent, it said.

Soviet forces in offensive against Afghan guerrillas

ISLAMABAD—A large Soviet helicopter fleet has left Kabul for south-eastern Afghanistan and between 12,000 and 14,000 Soviet troops are massed near the Pakistan border, Western diplomats said yesterday.

Nearly 50 Mi-24 gunships and Mi-6 and Mi-8 troop transport helicopters left Kabul airport in the direction of Ghazni early last Thursday, they said, and helicopters continued to shuttle between the two cities on Friday.

Soviet and Afghan forces have been pressing hard in recent months to block guerrilla supply routes from Fakhriya, with major ground pushes in the Kunar and Nangarhar provinces near the Khyber Pass and in Paktia to the south-east.

The Afghan cross-border attacks, which Pakistan said killed 84 people, could have been in hot pursuit of rebels fighting at Ali Khol, according to reports from Afghan guerrillas.

The diplomats said the Soviet Embassy in Kabul was hit by rebel rocket fire at least twice in the past week and three Russians were wounded in one attack.

The diplomats said Soviet troops had stepped up a campaign of burning and destroying crops.

Sikhs to hold banned convention

BY K. K. SHARMA IN NEW DELHI

A SERIOUS confrontation between the religious leaders of the Sikh community and the Government appeared to be building up yesterday when five high priests of Sikhism announced plans to go ahead with a world Sikh convention in the holy city of Amritsar next Sunday.

The convention was banned by the Government on the grounds that it would inflame passions in the troubled state of Punjab, where army action in the Golden Temple in

Dubai left with hijack loose ends

BY KATHY EVANS IN DUBAI

LAST WEEK'S hijacking of an Indian Airline Boeing 737 by seven Sikh militants has left some untidy loose ends for the Arabian emirate of Dubai.

The fate of the hijackers was the subject of talks yesterday between Sheikh Mohammed bin Rashid, the UAE Defence Minister, and senior officials from India and the U.S.

Under the terms of the Hague Convention concerning air piracy, India should ask for their extradition. That possibility was discussed by the Defence Minister and Mr Ramesh Bhandari, personal envoy of Abu Dhabi, who subsequently denied that any temporary asylum has been offered

and say that the hijackers are being held for investigation.

But Dubai is clearly reluctant to put the seven Sikhs on trial. There is an Indian community of about 10,000 in Dubai, and there are thought to be around 10,000 Sikhs. Dubai officials say that they fear there may be attempts to rescue the Sikh militants by further hijackings, and that they gave their word that contact would be made concerning their onward travel to the U.S.

However, American officials have said that the hijackers would be liable to prosecution and that the U.S. Government would not be able to offer safe haven.

AMERICAN NEWS

Brazilian agreement with IMF in sight

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL and the International Monetary Fund were expected yesterday to reach an agreement on their negotiations on a new letter of intent, which will now go to the IMF Board for approval.

With the IMF negotiations apparently safely out of the way, Sr Antonio Delfim Netto, Brazil's Planning Minister, is due to leave Rio de Janeiro tonight for fresh talks with the country's bank creditors in the U.S. and Britain.

Sr Delfim travels first to New York where he will meet members of the bank's advisory committee and then to London, where he is scheduled to arrive on Tuesday. No discussions with Mr Jacques de Larosiere, IMF managing director, are planned until the bank's advisory committee meeting cannot be excluded.

Officially the meetings with the creditors are being described as an opportunity for an exchange of information prior to the opening of formal negotiations on rescheduling the coming years' debt payments. These negotiations are now set for the third week in October.

But the underlying focus of what has been a hastily arranged trip abroad is clearly the reassurance Brazil's creditors that its three-year economic adjustment programme is still on course. The two sides are also likely to have preliminary discussions on the amount of new money Brazil

will need in 1985—and the sources of these funds.

The new letter of intent, negotiated over the past two weeks by a visiting IMF team led by Mr Thomas Reichmann, head of the Fund's Atlantic Division, is unlikely to be substantially different from its predecessor, signed in March.

In the light of an official inflation estimate for 1984 now calculated at 190 or 75 per cent—opposed to an original 75 per cent—new performance targets

Ex-Journal reporter charged

By William Hall in New York

A U.S. FEDERAL grand jury has charged Mr R. Foster Winans, the former Wall Street Journal reporter and two others, with conspiracy, securities fraud and mail and wire fraud, stemming from an alleged illegal insider trading scheme which netted an estimated \$700,000 (\$534,351) in profits.

Acting U.S. Attorney William M. Tandy said yesterday that a Federal grand jury had returned a 61 count indictment against R. Foster Winans, an author of the Wall Street Journal's "Heard on the Street" column after he had allegedly leaked advance information about his stories to his associate David Carpenter, and Kenneth P. Felix, a former stockbroker with Kidder Peabody. According to the indictment the group netted \$700,000 in illegal stock trading profits.

The indictment alleges that the scheme began in January 1983, somewhat earlier than previously alleged by the Securities and Exchange Commission, when the Stock of American Automatic Centres Corporation was purchased in a brokerage account in the name of David Carpenter two days before Foster Winans published a favourable column about the company.

The three men will appear for arraignment in a New York federal court a week on Thursday. All three have been charged on 61 counts.

Mondale seeks to broaden campaign

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR WALTER MONDALE yesterday sought to broaden the base of his presidential campaign in San Francisco, but was rebuffed by the Democratic Party's White House contenders.

Mr John Anderson, the unsuccessful Independent candidate in 1980, and the Reverend Jesse Jackson, who challenged Mr Mondale for this year's Democratic presidential nomination.

Mr Anderson, who won 7 per cent of the vote four years ago, was expected to give his formal endorsement to Mr Mondale at a meeting in Illinois yesterday and then campaign for him across the country.

Mr Anderson said on Monday that he was ready to send out mailings to independent and Republican voters starting with the 12,000 people who have so far given their support to his new National Unity Party.

The former Illinois congressman, who broke with the Republicans after losing to President Reagan in the 1980 Republican primaries, is forming his "third" party in anticipation of another possible bid for the presidency in 1988.

Mr Mondale's campaign officials said they welcomed Mr Anderson's help in recruiting liberal Republicans, independents and younger voters, but the Republicans were scornful about the development. Members of the Reagan-Bush '84 re-election committee are publicly writing off Mr Anderson as a forgotten has-been.

Later last night, in Minnesota, Democratic voters believe that black voters could provide the margin of victory over Mr Reagan in November, but a number of questions remain over how high their turnout will be. Blacks who supported Mr Mondale in the primaries and those who have yet to reconcile all their differences, and Mr Jackson has not yet given a totally clear message to his supporters.

Mr Mondale's supporters were hoping that a clear commitment to party unity by Mr Jackson would emerge from yesterday's meeting.

Brazil's dispossessed look northwards

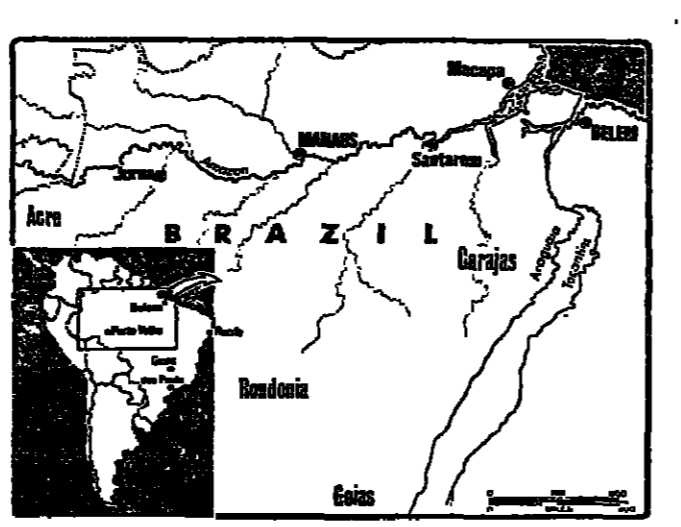
THE LATEST World Bank Development Report has some sobering figures for Brazil. Based on a median projection of population growth to the middle of the next century, Brazil's population looks set to more than double over the next 65 years—from its present 129m to 257m.

As the World Bank notes, Brazil is the largest country in the world without an officially sponsored family planning programme. The outgoing military regime may, helpfully, have come to realise that serious measures are necessary, but opposition from the Catholic Church to any such programme remains stubbornly strong.

Coinciding with the demographic explosion, additional pressure is being put on land use by the recent transformation of farming patterns in Brazil. A major shift away from sharecropping and small-scale tenant farming in favour of massive, mechanised farms producing export-orientated crops such as soya is taking place.

Inevitably, the eyes of the dispossessed and the hopeful have been turned northwards, to the vast, unutilised tracts of forest and dense scrub which make up the Amazon region. The "legal Amazon," as it is known here, covers 5m sq km, nearly 60 per cent of the total land area of the country. But only a tiny fraction is currently being tilled.

The deep recession of the past three years has only swelled the barely controllable stream of migrant settlers, tens of thousands of whom make their way every month to the new frontier regions, particularly to the Rondonia and Acre states in the north west.



mouth of the Amazon. Combining a deepwater port and a major fertiliser plant, the project aims to supply the needs of the entire Amazon region—from Port Velho in the west to Boa Vista in the north and Goiás in the centre of the country.

For a plant dealing in such products as diammonium phosphate and ureate peash, the strategic conception and vision of the venture, linking both international trade and regional development, are unusually imaginative.

The starting point is that Sr Romildo Coutinho, president of the family-owned Solvay Group based in Goiás, is a transportation enthusiast determined to make effective use—for the first time in Brazil's history—of the entire waterway system based on the Amazon.

River transport, he argues, will be able to reduce the cost by 80 per cent of getting badly needed fertilisers to the booming, but land-locked, north west. Then when the lock gates on the Tocantins are completed, this major river and its tributary the Araguaia will be navigable southwards for over 2,200 km, opening up new farming areas to settlement.

The rest will be shipped in 300-tonne barges along the Amazon and its tributaries, and by coaster down to Recife, the major north-east city.

Nearby, Embrapa is busily developing strains of tropical cash crop plants, such as black pepper and guarana, the basis of the popular Brazilian soft drink, which could be suitable for commercial farming. However, greater interest to date has been shown in cattle ranching and the planting of oil and fuel-producing palms, the dendê and babacu.

Fifteen years ago, at a conference of the UN's Food and Agricultural Organisation in Rome, a prediction was made that one day Amazonia could be a major food storehouse for the world—provided that a fertiliser industry was established in the region.

The environmentalists are not surprisingly, concerned about the potentially disastrous impact on the delicate ecological balance of the Amazon region—a much more fragile balance than had earlier been realised—of introducing such a powerful new factor. It could, for example, have a multiplier effect on the rate at which the forest is being cleared, or lead rapidly to soil exhaustion.

But for better or for worse the industry is now in place, poised to take advantage of the openings in the jungle created by the colonists and the road builders.

In those regions where the soils are relatively good, such as Rondonia, the results are likely to be beneficial. But in much of the rest of northern Brazil much care will be needed to avoid its abuse.

Space shuttle set for launch

By Paul Taylor in New York

The maiden voyage of the U.S. space shuttle Discovery is due to begin today at 8.55 am Eastern Standard Time. The launch follows a two-month delay after the dramatic shutdown of its engines in June because of an ignition failure.

Yesterday the countdown for the six-day mission, which will carry a crew of five men and one woman into space, was running smoothly. Discovery will also be carrying a heavy expanded payload in an effort by the National Aeronautics and Space Administration (NASA) to make up for lost time.

Nicaragua shoots down second transport plane

BY TIM COONE IN MANAGUA

A SECOND C47 transport plane has been shot down by the Nicaraguan army in the northern department of Nuevo Segovia.

According to the Ministry of Defence, the plane was being used to re-supply U.S.-backed guerrilla units operating in the region. It was believed to be carrying out of the same air strip, Aguacate in Honduras, as another C47 which was shot down inside Nicaragua last October by a Sam-7 heat-seeking missile. On that occasion three of the plane's crew were captured including its pilot, who revealed the existence of the Aguacate base. The Ministry of Defence also

said that 36 guerrillas had been killed in fighting in five skirmishes over the "past few days" in the area where the C47 was attempting to carry out its re-supply mission.

Meanwhile Sr Daniel Ortega, the head of the government junta and presidential candidate for the Sandinista party in the November elections, has been on the campaign trail. In the Atlantic coast province of Zelaya over the weekend he reiterated a call to thousands of Miskito Indians living in refugee camps in Honduras to return to Nicaragua under an amnesty that has been in force since December 1983.

TECHNOLOGY

EDITED BY ALAN CANE

BANKERS JOIN AN ALVEY 'CLUB' TO MOVE INTO EXPERT SYSTEMS
Bank managers face automation

BY LOUISE KEHOE

AUTOMATIC TELLERS — yes, but automatic bank managers? It sounds far-fetched, but "expert systems," computers that can make complex decisions with the apparent expertise of a seasoned professional, could soon automate much of the work of a bank manager, a loan advisor, a financial planner, or perhaps even a securities trader.

Keeping up with the advances in expert systems, a branch of "artificial intelligence" technology, is essential if British banks and financial institutions are not to fall prey to international competition, the Alvey Directorate warned a group of city moneymen recently.

Continuing its mission to encourage British industry to develop and apply information technology, the Alvey Directorate invited the bankers to join a "club" that will develop a prototype computerised financial expert. The member-institutions will have the opportunity to choose which aspect of their business will be performed by their new electronic colleague.

Each will pay £5,000 to £10,000 to join, and the Government will provide a helping hand in the form of matching funds to bring the total project funding to around £300,000.

The goal of the project, according to David Thomas of the Alvey Directorate, is to increase awareness of the potential applications of expert systems. "It is difficult to assess the benefits and relevance of new technology without trying it out," he points out. Building a pilot system will provide potential users with the opportunity to evaluate the technology without making a major financial commitment.

Other professionals — and expert systems could however prove to be a difficult task. How

many financial managers are going to approve the purchase of a computer that could ultimately make their expertise redundant?

To sweeten the bitter pill, the Alvey project proposal points out that some types of human experts are in short supply and that expert systems could become "assistants" to human experts. Most of the suggested benefits of expert systems are however less comforting.

Some of the benefits derive from the disadvantages associated with human experts, the Alvey proposal states. For a start, once designed, computerised experts can be duplicated with the minimum of fuss and delay. Expert systems work 24 hours per day, don't take lunch breaks or holidays, get tired or sick. They don't draw pensions.

Human experts are sometimes too specialised or become out of date and are difficult and expensive to train. Expert systems, on the other hand, can be tailored to the requirements of an organisation so that their expertise is not too specialised or specialised in the wrong area. Their knowledge base can be modified or updated as required.

One of the biggest advantages of the computerised expert is that he is always able and willing to explain how he has reached a decision. The same cannot be said of the human variety.

Worse, human experts often disagree and are inconsistent. With an expert system, every task is handled methodically and exhaustively, all relevant evidence is taken into account. Decision making is rationalised and standardised.

Surely humans must have some advantages — warmth? Emotion? Personality? No. Human experts are sometimes difficult to deal with as people

and often find it hard to pass on their expertise to others. "Expert systems," by contrast, are easy to use and can patiently explain their reasoning and conclusions.

What makes these boxes of integrated circuits superior to flesh and blood? Basically an expert system is a computer that has been trained to solve problems in a predefined area. The system has a body of knowledge — provided by a human expert — organised into facts and rules. Its powers of reasoning are defined by rules. Some simple and some very complex.

The expert system knows the answer to any question that it has been told to remember. It also knows which questions to ask to reach a decision. Expert systems can even deal with incomplete or vague information by assessing probabilities.

A feature of expert systems is that they can be tailored to the particular needs of a user or application. As expert systems software is written in English-like language, it is possible for users to create their own system based upon a "shell" or pattern program.

Reducing complex decisions to a set of simple questions is by no means easy, but the state of the art in expert systems technology is advancing rapidly and is very close to becoming a commercially viable reality in many applications.

The Alvey initiative in setting up the club provides British banks with a very inexpensive opportunity to investigate the technology. Initial reactions to the idea have been very positive. Some 18 banks and financial groups have said that they want to be involved in continuing discussions.

Privately, however, several attendees at the initial Alvey seminar in London admitted that

the lure of government funding and the relatively low "membership" fee were major factors in their decisions. Serious application of expert technology to banking operations would be considerably more costly.

Adoption of expert systems technology by banks or any type of company also requires radical changes in management philosophy. Delegating decision making to junior levels — called for by an expert system — calls for a leap of faith that many may find hard to take.

But the threat of being left behind in the whirlwind of information technology is very real. Already major banks in the U.S. are experimenting with expert systems. Security Pacific Bank in California is developing a program that will predict foreign exchange rates. The system is expected to be working by the end of the year.

The Alvey Directorate's warnings of mounting foreign competition could however be more tellingly directed at the British developers of much of the technology behind expert systems. That technology is now moving out of academia and into the commercial world.

In the process it has flown across the Atlantic to the U.S. where most major corporations have developed projects underway. Dozens of start-up expert systems firms, many of them in Silicon Valley, have also sprung up over the past year with the aid of venture capital backing.

Quintus Computer Systems of Palo Alto, California, is one such venture. Formed earlier this year, Quintus is offering application development systems for expert systems and natural language systems. Initially the company is offering DEC-10/20 Prolog, developed by the company's founders at Edinburgh University.

Telephone hot lines for software problems

AFTER SALES service and support is a costly business in any industry. Far from being an exception, the computer software industry has all of the usual problems associated with supporting customers and a number of special ones.

But salvation could be on the way through use of the combined power of computers and communications technologies. The growth in personal computing — especially at the professional level — has created an enormous support problem for the software industry.

In the days of expensive, large-scale computing, the cost of supporting products was relatively small in comparison with the revenue from the sale or rental income from it. The supplier could, therefore, absorb support costs more easily. But cheaper computers have led to cheaper software and support costs have grown relative to the price the customer pays. What is more, support is labour intensive and staff charged with responsibility for supporting software must necessarily be of high calibre. They also demand high salaries.

It makes sense, therefore, to find ways of reducing the labour content of support services, and the most likely candidate for this is the telephone network.

Some of the larger computer manufacturers have been offering a "hot line" service for software for some time. IBM and DEC are two of the leaders in this field. The problem with the hot line service is that it still requires personnel at the end of a telephone ready to respond to customer queries.

Very often the queries are dealt with through use of a database of known problems with a software product. IBM for instance, has an enormous on-line database listing known problems with appropriate solutions. The customer does not have direct

access to this but must go through the support personnel to get a satisfactory answer.

Markus Bolton, managing director of the small UK software company, System C, is taking this idea one step further. Included in the company's maintenance agreement for its applications generator, Sycoro, is the means to connect to the British Telecom Gold electronic mail network.

"What we are trying to do is to get people to use their computers more," Bolton explained.

Professional Personal Computing

The growth in personal computing has created an enormous support problem

"If they have a problem with the software, instead of phoning up one of our staff, they leave a description of the problem in our BT Gold mailbox. We pick it up later and leave the reply in their mailbox," he went on.

Bolton is hoping to interest other software distributors in this style of support service and is convinced that it is the beginning of a trend. The network support service is only the beginning of a much more ambitious service which will eventually make the IBM-style of fault database accessible to customers. "We know it is feasible and we are working on setting it up as soon as possible," said Bolton. The first steps towards this

will be to broadcast a solution to a known problem to all users' BT Gold mailboxes when inquired about it.

"This means that the maintenance agreement also forms the basis for a user group," Bolton said.

The growth in networks has already given rise to the formation of informal user groupings based around particular computers or software products. The main method of communication within these groups is through the so-called "bulletin board." These have seen massive use in the U.S. with "CompuServe" and the "Source" serving as examples.

In the UK, CompuNet serves users of Commodore computers and the Prestel based Micronet service serves a number of different computers. A recent development on Micronet enables users to "chat" through the network during the evening and one of the obvious subjects of conversation is problems with software.

The Prestel microcomputing service also covers a number of other bulletin boards where microcomputer users swap problems and solutions. At present, these are limited to the home computer hobbyist but with business computing as the major growth market, it will not be long before the electronic support network extends into this area.

Does this mean that all computer system will be supported electronically in the future?

Markus Bolton certainly thinks so. "When you deal with problems over the telephone it is often difficult to get to the bottom of them. If people have to write them down they think more deeply about them. We also get a written record of the fault as well," he said. PHILIP MANCHESTER

Telecoms

Low cost links

MODEMS ARE rather clever gadgets which allow computers to talk to each other down the telephone line. With the growth of low cost personal computers, so has come the demand for these machines to communicate. However, the price of the modem was prohibitively high.

Several companies have attempted to produce low cost modems to fit the pocket of the hobby computer market. Cirkit is a company which has introduced one costing just under £50.

This will be available from mid-September from leading high street outlets such as Menzies, W. H. Smith and Boots. Thorn-EMI is also to distribute the modem. More details from Cirkit in Boxbourne, Herts, on 0952 441111.

Conferences

Plastics assembly

THE PLASTICS and Rubber Institute is to run a conference on plastics assembly on October 31 at Solihull. Manufacturers are faced with many processes to meet demands from new applications of plastic. More details from the institute at 11 Hobart Place, London.

UK MILITARY ADOPTS COMPUTER LANGUAGE

Ada goes into battle

LADY ADA LOVELACE, Lord Byron's daughter, is remembered by computer historians as being the first computer programmer. More than 120 years ago, she helped Charles Babbage operate his then futuristic analytical engine — the forerunner to modern computers.

But her Christian name may now be recalled not in terms of her historical achievements but as a computer language which is likely to become an international standard for military applications.

Ada, the language, was originally developed by the U.S. Department of Defence for advanced computer applications. These include control and command systems where computer operators have to be able to respond quickly to changing battlefield operations.

The Department of Defence intends that it will replace from this year more than 700 computer languages now used by the U.S. military.

Britain last week announced that over a three year period, Ada is to replace the single computer language—Coral 66—now used for UK military computer systems. Coral has been around for more than 20 years so it is felt that it is nearing the end of its useful life. But this decision will mean important changes for British companies supplying defence equipment.

to provide funds for specific military projects. Several million pounds are likely to be needed but the MoD has not yet identified which areas will require financial support.

Nato is also considering following the U.S. lead and may decide to adopt Ada from 1986.

Mr Nigel Hughes, assistance chief scientific adviser (policy) at the MoD, said that the attraction of Ada was not just the idea that it would be a common standard but that it was a language which would allow changes to be made in one part of a system without affecting other areas.

This is particularly important because of the trend towards so-called distributed computing where several computers at different locations may share a complex computing task.

The importance of the language's flexibility was emphasised by Mr Hughes. He said: "In defence, you are in a reactive world. You must be able to respond to the threat."

Ada is also a high level language which means that it is written as closely as possible to normal written language. Mr Hughes said that in lower level languages such as Basic — a popular programming language for home computers — it was not always possible to understand the workings of a particular program after a period of time.

where control and monitoring of complex chemical reactions are commonplace.

The UK MoD thus hopes that the British computer industry will be keen to develop Ada for its commercial potential as well as its existing military one.

The MoD realising that industry and itself needed to collaborate with software tool development set up a joint project called "MCHAPSE". Unfortunately, this collapsed due to difficulties in co-operation. An industry group involved with Ada is still in existence, however.

Adopting any new computer language is not simply a matter of writing software with a different set of instructions. The software industry has to develop special "tools" or methods to speed up the production of software. Also companies have to develop compilers. These are a bridge between the high level language used by the programmer and the binary ones and zeros in which the computer works. A single instruction written in Ada or any other high level language may have to be broken down (compiled) into 10 or more in the binary language of the machine.

An added difficulty is that different compilers are needed depending on the type of computer.

At least two are now under development at York University and the Royal Signals and Radar Establishment (RSRE) at Malvern. ELAINE WILLIAMS

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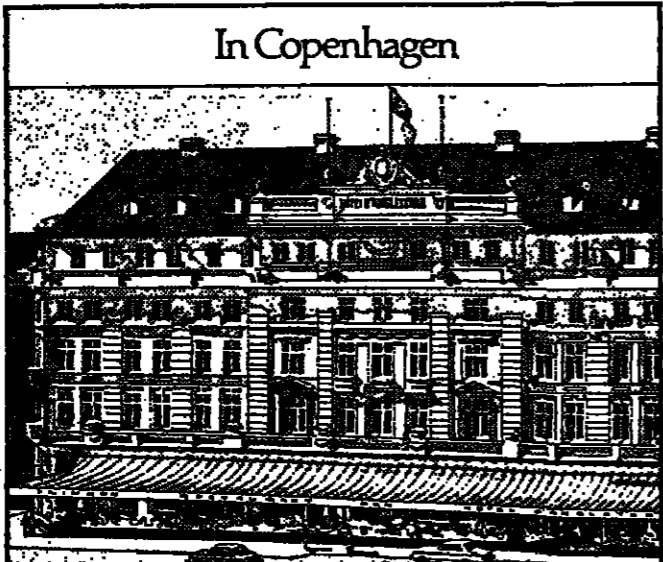
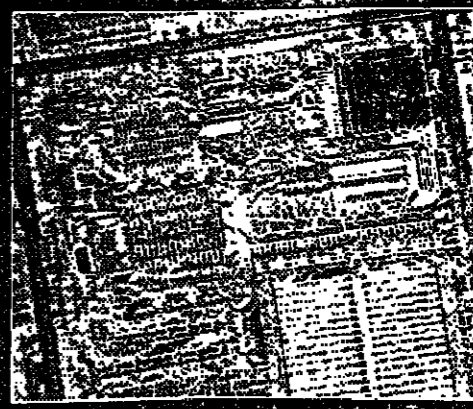
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GOULD
 Electronics

THE MANAGEMENT PAGE

"MY MAIN problem is persuading foreign buyers that we are not like the rest of British companies." Bryan Upton's caustic aside at some of his competitors will raise hackles in a lot of boardrooms.

As managing director of Westall Richardson, probably Europe's biggest single manufacturer of kitchen knife blades, Upton feels secure enough about his own company's track record to make a few digs at UK management.

The way Westall conducts its business is certainly in glaring contrast to the behaviour of some other UK cutlery companies. Many of them are now deceased, corporate corpses in an industry decimated during the past 30 years.

Turning out 750,000 knife blades a week, Westall Richardson's annual output of successful companies like it, are the remaining food barriers keeping the name of Sheffield afloat amid the waves of Korean and Japanese cutlery imports.

The South Yorkshire company, whose U.S. owner, Jerome Hahn, has let local management run the show since taking it over in 1982, employs 580, little changed over the past two decades. It is heading for a 57m turnover this year (a three-fold growth over the past five years and double the £23.5m in 1982 when pre-tax profits of £263,554 were earned) and exports to 70 countries its own range of knives, and blades only ordered by other cutlery.

By making kitchen knives and the blades for them Westall has been blessed by one major piece of luck. The kitchen knife business is a law unto itself and has been much freer from the murderous attention lavished by Far East factories (some owned by British cutlery) on most other areas of the cutlery industry when import penetration has risen to as high as 90 per cent.

This has been a godsend, not only for Westall but also its two big UK competitors, and British companies which have more than half of the £10m a year UK market for kitchen knives. Wilkinson Sword's Kitchen Devils subsidiary, which has its blades made by other manufacturers, like Taylor's Witness, in Sheffield, and its blades elsewhere, claims the biggest market share in the UK. Prestige, recently the subject of a management buy-out from U.S. owner, is third in the league and has a manufacturing plant in Burnley.

Westall's manufacturing processes are much simpler than in many companies producing table cutlery. It also benefits, if that is the right word, from the cutlery industry's very low wage-rates which are considerably below those paid in the



Bryan Upton: exports blades to 70 countries

Finding a niche in a cut-throat industry

Nick Garnett explains how a Sheffield cutler keeps the competition at bay

larger Japanese plants. Production machine operators, for example, earn between £63 and £78 for a standard week.

But the company also demonstrates two aspects of business life sorely lacking in much of Sheffield's cutlery manufacturing, and the absence of which has contributed to the speed of its near demise.

Westall's marketing is recognised in the industry as well organised and very aggressive and in an industry with a generally sad investment record the company has demonstrated almost 20 years of attention to re-investment and re-tooling.

Fifty new blade-grinding machines for example are just being installed as part of a five-year development programme. The machines were designed by Westall's own engineering workshop and largely built by it.

The in-house engineering labour force of 12 has also designed and built a range of other equipment, including machines which cycle blades from hoppers onto grinding machines—allowing one operator to grind a blade every two seconds—and one for duplicating patterned grinding rollers. It is no robotics dreamland but it seems to be effective.

A year ago Westall also bought Edford Plastics, a Leeds-based knife handle-manufacturing company, so while it now makes some of its own handles it also supplies handles to Kitchen Devils.

As part of its technical development, Westall has introduced over the past two years its Laser knife which, along with other completed knives is sold through its Richardson of Sheffield subsidiary.

The company's claim that

with an 18 degree blade angle on both sides and a patented edge configuration of minute "hills and valleys," the knife does not require resharpening, has been criticised as unbelievable from within parts of the industry. Upton, who joined the company as a progress chaser 25 years ago and whose normal working dress is a white technician's coat, says that edge retention tests have shown the blade to require no sharpening over an average 25 year use.

The Laser knife has hit Prestige's hold in the market place but the latter, which tempers its own steel as well as manufacturing its own blades, is fighting back with some new ranges of knives. It also has more faith than Westall in the sales future of very up-market Sabatier-style knives which it, but not Westall, markets.

Westall also uses softer steel than a number of other manufacturers for some of its blades though Upton refutes suggestions that this spells poorer durability.

The Sheffield cutlery industry is just as likely to talk about Westall Richardson's hard sell and attention to customers as its investment track record. We have three rules here," says Upton. "Any letter is answered the same day, any sample asked for is sent the same day and telexes are answered immediately."

At last year's Frankfurt trade exhibition, Upton says staff flew back on a Saturday to process the 350 inquiries they had received there before travelling back to West Germany the next day for the Cologne exhibition, beginning on the Monday.

Of Westall's output, 250,000 blades are made up every week into complete knives by the Richardson Sheffield associate company. Half of the other 500,000 blades go to the U.S., mainly to Jerome Hahn's U.S. outlet. Part of this is accounted for by a deal secured by Hahn with the American department store chain, Sears Roebuck.

West Germany, where blade and knife manufacturers include Ed-Wustof, Herder and Gustav Emil Ernt, takes 100,000 blades a week from Westall which also supplies direct to a number of West German outlets.

Westall Richardson is now engaged in setting up small franchise assembly operations in Greece and South Africa. "You can't afford to let grass grow under your feet," Upton says. Underlying the point the Japanese are now making inroads into the U.S. kitchen knife market, an ominous sign that in this industry not even the successful can sleep easy at night.

Restructuring UK steel

Where co-operation did not succeed

AS THE industrialised country first into the recent recession and the one hit hardest by it, Britain has accumulated considerable experience in the techniques of contracting its manufacturing base.

Several managers, particularly in the heavy engineering industries, have had to learn to deal with what can only be described as catastrophic change. A few have even recovered sufficient confidence to discuss their experiences publicly. For example, a director of the British Steel Corporation, which has shed over 150,000 workers in the past decade, has published a widely admired paper on the subject.

But little has appeared so far on a number of innovative projects, in which banks, the Government and some accounting firms have participated, aimed at reducing excess capacity in whole sectors.

One of the best known efforts at collective restructuring was the one which Lazard Brothers, the merchant bank, led in the steel industry sector. By late 1981, when Lazard got involved, output in the sector was running at about two-thirds of its 236,000-tonne capacity, and the rate had been declining steadily

for six years despite a few plant closures.

The scheme was novel in starting from the assumption that those companies that remained active in the sector (the "openers") would benefit from the improved trading conditions arising from closures, and that they should therefore contribute to the costs of the closures. The Government agreed at an early stage to top up the compensation terms, and so industry leaders and Lazard were confident that a deal would be wrapped up fairly quickly.

However, it did not work out that way. Negotiations dragged on and on as many companies vacillated over whether to close or stay open. In the end, in January 1983, commitments to close amounted to only 16 per cent of the sector's capacity, nowhere near enough to restore healthy trading conditions.

A new study* of the scheme by two London Business School professors comes to a pretty tough verdict. "The amount of capacity closed seems to us to have been little more than that which would probably have closed had there been no scheme." And many of the closures would have happened

sooner if there had been no scheme.

However, Charles Baden Fuller and Robert Hill recognise that it was a "risky and innovative course" that Lazard had set out on and they argue that the principle is a good one. The immediate advantages claimed for a collective approach to capacity reduction include cutting out more capacity more quickly than if market forces were left to operate on their own. Perhaps a more important point is that it provides the opportunity to organise things so that that which closes is the least efficient.

The problems with the steel foundry scheme turned out to be those that plague any cartel. Once there are more than a few people involved—and there are still over 50 companies in the UK steel industry sector—it becomes very difficult to keep everyone in line. It was made more difficult in this case by the number of small, old, proud family businesses involved.

Many did not want to make a request for assistance, and of those who were highly suspicious of the motives of the big companies, and most had nothing to turn to if they

agreed to close.

The study suggests that Lazard erred initially in accepting the analysis of the sector's problems which was presented by the leading producers. It argues that a scheme manager should carry out his own analysis. If he understands the market and the behaviour of all the producers, he will be in a better position to deal with potentially disruptive manoeuvres and concentrate on working towards the quick settlement that is needed. Also, he will form an impression of which plants should close and thus be able to aim the negotiations.

One snag in this type of scheme is that it is voluntary. There is no way of preventing companies that refuse to participate from benefiting from the results. Baden Fuller and Hill recognise the problem, but propose no answers other than arm-twisting.

Ian Rodger
* Industry strategies for allocating excess capacity: the case of the Lazard scheme for UK steel castings. Dr C. Baden Fuller and R. Hill, London Business School, Sussex Place, Regents Park, London NW1 4SA.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Vanishing tenant

We let a single-storey lock-up shop and warehouse which used to be our place of business.

The tenant has now vanished. Mail is piling up, uncollected for weeks, inside the door. The rent due is unpaid.

The lease leaves no doubt that rent unpaid for 21 days causes cancellation of the tenancy "whether notice be given or not." Reminders have been sent on three occasions to all possible addresses.

get the place, and I need the income. I wish to empty the premises.

Can I publish a notice, calling on all owners of property to take it away or it will be stored, with charges for this removal and storage payable by the owners of the goods?

Since storage charges would in practice fall on you it is preferable not to incur such charges, or, at least, to do so only over a limited period. You should re-enter the premises peacefully, thus exercising your right to forfeit the lease for non-payment of rent. You should then write to the former tenant at each of his last or recently known addresses asking him to remove all chattels left on the premises within, say, 30 days of the date of your letter and state that failure to collect any chattels will result in their being disposed of. You could then dispose of any uncollected chattels. If you have incurred storage charges you could sell the chattels to defray that expense. If you realise money by sale which is more than is needed for storage charges you should place it in a separate

deposit account and not draw on it for six years.

Accountants' code

Could you please advise us as to whether accountants are obliged to inform clients upon request the amount of commission involved in setting up a "self-administered pension scheme" on their behalf.

Accountants are required under their professional code of conduct to disclose to clients the amount of insurance commission that they receive and it is general practice among accountants to pass on this commission either by direct offset against fees or by charging lower fees than would otherwise be chargeable.

The actual interpretation of this professional requirement can vary. Some firms own time insurance broking companies which are instructed to receive all insurance commissions arising from the activities of the partners in the accountancy firm. Other accountants are very punctilious in identifying

all commission receipts in respect of particular clients and offsetting these receipts against fees.

In a genuine self-administered pension plan there should be no insurance commission because the employer operates his own trust fund without using an insurance company. A substantial number of "hybrid" schemes exist, however, whereby an insurance company will disguise an insured pension scheme to look like a self-administered scheme and where substantial commissions may be payable. We have had evidence of a case where a company wished to establish a self-administered scheme and believed it was establishing a self-administered scheme when in reality it merely paid £60,000 to an insurance company, which then paid £33,000 commission to the financial consultant who had succeeded in persuading the employer to accept this thinly disguised scheme.

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Before receipt of the prequalification package contractors will be required to give a confidentiality undertaking. There also will be a non-refundable charge of US\$5,000 for the prequalification package.

Interested contractors should respond to this advertisement by 5th September 1984 to facilitate the issue of the prequalification package.

The Thai Oil Refinery Company Limited, Sarasin Building, 6th Floor, 14 Surasak Road, Bangkok, THAILAND

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THE ARTS

Television/Martin Hoyle

Making sure you look for the date stamp



Confrontation in court: Edward Herrmann as Alger Hiss and John Harkins as Whittaker Chambers

that characterises so much English music. It was hard luck that this workmanlike and affectionate study should be overshadowed by a look at a different sort of Englishness. The Beatnik Style (BBC2) showed how much more vividly first-hand reminiscences can resurrect a subject than the most erudite experts. Framed by the auction of the aesthete's home and effects (echoing the Lady of the Camellias), the programme bristled with cut-glass accents and cracked with lines apparently written by Alan Bennett. Lady Smitly recalled the Beatnik nanny, old Nimmy: "Very deaf. That's why my sister and myself have always spoken up very loudly." She dared the camera to contradict her.

From his Russian-ballet-infused room at Harrow, "all purple and white." Cecil proceeded to seek out "the really best people at Cambridge" and excel at female roles like the Countess in Pirandello's Henry IV—"a smart and bitchy Italian lady: that he could do very well," mused Sir Stephen Runciman.

Forties America where Beaton flirted with Garbo to the strains of Carousell saw the rise and fall of Alger Hiss. A brilliant young New Dealer, he was named as one of "the concealed enemy" of the members of American society who in actuality are agents of the Soviet Union. He sued his accuser, lost, served nearly four years for perjury, and for over 30 years has been fighting to clear his name.

Hiss has apparently objected that the Channel 4 mini-series Concealed Enemies fails to exaggerate him completely. Short of producing revelatory new evidence, the production portrays him as sympathetically as possible: a victim of growing anti-red hysteria. Fatally for Hiss the case coincided with Russia's first atomic bomb. A fortnight after his conviction Joseph McCarthy took the limelight, demon-king

On fringe of the party

Arriving in Edinburgh in the third week of the Festival is a bit like wandering by mistake into a party that has gone on a couple of hours too long. It is certainly like that in the Assembly Rooms, which claim to be the focus of the fringe in George Street. Alternative comedians are still fixing deals with Channel Four executives, while audiences and participants wander around, catatonic with tiredness, knocking each other over with knapsacks and talking wildly about some group or other who might become famous as the Flying Pickets.

Much has been made of the slump in audiences this year at the Assembly Rooms, but the new fringe chairman, Jonathan Miller, who has kept an admirably high profile, has been quick to remind the media that there is much else outside of George Street and that, in any way, most of the acts there are professional and not really in the true spirit of the fringe.

How much more pleasant it is to see a young, saucy bubbly and head out to somewhere like the Walpole Hall in Chester Street, just round the corner from the National Gallery of Modern Art and its magnificent new facilities where The Top, a Coventry-based community theatre, is presenting a powerful, crude and thoroughly scatalogical play by Jon Gaunt.

Michael Coveney makes a belated entry at the Edinburgh Festival

show had been Aberystwyth University's version of The Odyssey. He told a conference of directors on Sunday that state-subsidised institutions would supply artists not just with big money but also, inevitably, with big repressions. Nobody should be surprised, he said, when the state stage imposed itself within those institutions.

Yuri Lyubimov, recently stripped of his Soviet citizenship, and the South African poet, Barney Simons, listened politely as other directors listed their grievances. David Hare argued for a more pragmatic approach as someone who has just sized up with the National Theatre, while John Calder said that it was high time artists stood up and told politicians

Galileo Galilei/Edinburgh Festival

Michael Coveney

The arrival of the Berliner Ensemble in Britain for the first time since 1965 has proved a melancholy, dispiriting occasion. Although the production of Galileo Galilei is comparatively recent, dating from 1978 in the wake of administrative and artistic upheavals in the company, what we saw on Monday night at the Kings Theatre was a tediously embalmed and monochrome affair, devoid of urgency, fair and animation.

Schall manages a startling transformation, bringing the play's time-leap in his whiter, wisper appearance, shutting around almost blind, snatching his food from his loyal daughter and stuffing the pages of the forbidden Discorsi into a large globe. The final scene of the play, with Andrea smuggling the Discorsi over the Italian border, is, of course, set. We Westerners must not start betting the song idea about the Berlin Wall.

challenged from both outside and within. It will be interesting to see if their second offering later this week, Goethe's Urfaust, offers any hope of their future. The King's audience listened dutifully to the translations on those little grey contraptions which could pass for dwarves' parking meters and are so nostalgically redolent of the World Theatre Season. They witnessed a few striking tableaux—such as the procession of palace eunuchs, the Collegium Romanum in uniform white regalia, and a sparsely sprouting forest of rather rusty old giant masks—but were no doubt astonished at the cumbersome, unexciting staging of the famous Vatican in the enlightenment scene.

'Loot' returns to the West End

The production of Joe Orton's Loot, seen earlier this year at the Ambassadors Theatre, opens at the Lyric in Shaftesbury Avenue on September 12.

Schall, on the other hand, who is renowned as a firecracker artist, and to whose stage energy I can certainly testify, wanders through the play with the bored and bearded insouciance of a man trying to establish the weather forecast rather than the theories of Copernicus. The performance is curiously bereft of anything like appetite. Once the Inquisition has imprisoned him in his own country retreat, however,

'Way Upstream' in Croydon

A touring production of Alan Ayckbourn's Way Upstream is at the Ashcroft Theatre, Croydon, until September 8. Directed by Val May, designed by Saul Radomsky, the cast includes Norman Eshley, Norman Rossington, Geraldine Gardner and Carrie Lee-Baker.

Thai Dance/Edinburgh Festival

Clement Crisp

The group of Royal Thai Classical Dancers and Musicians on view last week at the Kings Theatre as part of the Edinburgh Festival, and playing this week at Sadler's Wells, propose a very gentle and ingratiating view of their art. Except that, for one number in their programme, not strictly dance, but a ritualised fight between two men armed with swords that do no blunted toys but dangerously sharp blades, as we saw when part of the handle of one was neatly sliced off by a whirling stroke. With undisguised energy, and some of those terrific, which are part of Thai boxing, the two chaps battle, with quarter neither sought nor given. This encounter is in the second, and more contemporary part of the evening, for the programme has a schizophrenic air, highlighted by the fact that in other dances the men tread with Agar-like delicacy, for all the world as if they were the tugging chorus in The Belle of Bangkook.

Just stages of anaemia. Even an abbreviated section from the Khon dance-drama version of the Ramayana—the abduction of Sita and the battle between the heroic Rama and the Demon King—is little more than a fashion parade of the most gorgeous costumes topped by little mouses of despair or delight. Inevitably, perhaps, this major piece in the evening is so truncated as to seem but a précis of the real thing, albeit the dresses—gleaming with gold and tinsel and jewels—and the girls' back-pulling fingers with their interminable gilded nails, are ravishing. The dance, after its first hieratic effect, is far less so. The music, relentlessly pentatonic, is pretty, but also rather demure, though the strangled-peacock cry of the Thai oboe cuts through the shimmering timbres of gong and xylophone like the warrior's sword-blade.

In sum, a stylised and rather mean-spirited evening, allied to a point of blandness, albeit the eye is always enchanted by the costumes. Let me note that for the admirer of oriental art there is a superb show of Chinese paintings from the Arthur M. Sackler collection at Princeton on view at the University Upper Library, with a group of paintings by Tao-Chih which alone are worth the trip to Edinburgh.

BBC Symphony Proms/Albert Hall

Max Loppert

Saturday's Prom cast the chief conductor of the BBC Symphony Orchestra in a role relatively unfamiliar to his London audiences, that of exponent of the big Bruckner symphonies. John Fritchard's choice for the occasion had fallen on the Fifth; and he and his orchestra gave it a most extraordinary account.

It had been thoughtfully prepared, and was neatly played (the raggedness of the opening string lines was fortunately no more than a passing mishap). It had been thoughtfully adapted to the special Brucknerian advantages the Albert Hall allows (the lengths of sentences between phrases and paragraphs were most surely timed to permit their concluding notes to soar away to nothingness). And yet I should be hard put to recall another Bruckner performance tamer or spiritually less compelling than this.

Spiritual compulsion was above all the quality wanting in it. Tameless could be judged in the limp phrasing of melodies, in the fatal apparent unvariance of dynamics. There seemed to be no difference between Fritchard's f and g ranges; and where Bruckner rises to his first continuous stretches of fff—in the glorious closing pages of the finale, which should crown the whole work with un-

Opera and Ballet

New York City Opera (New York State Theatre): The company's 40th season continues with La Traviata, again directed by Frank Corsaro, conducted by Klaus Wehner and with Marianna Christos singing Violetta and Robert Gerson singing Alfredo; Barber of Seville, conducted by Christopher Keene, directed by To-by Robertson, with Judith Forst as Rosina and Frederick Borchardt as Figaro; as well as Carmen, La Rondine and Rigoletto, Lincoln Center, (833 6884).

Salzburg Festival

Der Rosenkavalier conducted by Herbert von Karajan, with Agnes Baltsa.

Opera and Ballet

sa, Wilma Lipp, Anna Tomowastrow, Kurt Rydl, the Vienna Philharmonic and the Vienna State Opera Choir. Large Festival Hall (Wed).

Arts Guide

A selective guide to all the Arts appears each Friday.

Aug 25-30

Theatre

NEW YORK
Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (977 0810)
The Book with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine, who brings George Serrano's painting to life, with Mandy Patinkin, as the painter and Bernadette Peters as his trapped girlfriend. Dot. (239 6624)
Cats (Winter Garden): Still a sell-out. Eliot children's poetry set to trendy music is visually startling and choreographically felina, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6888)
Ead Street (Melodrama): As triumphant celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off to Buffalo with the appropriately trash and leggy hooking by a large chorus line. (771 9040)
Torch Song Trilogy (Eldon Hayes): Harvey Fierstein's chaffed and touching story of a drag queen from backstage to business incorporates all the wild histrionics in between,

down to the confrontation with his dotting Jewish mother. (944 9450)
Dreamgirls (Imperial): Michael Bennett's latest musical has now become a substantial Broadway presence complete with Sherrylie on Tishia Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (971 9870)
Bright Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (767 0840)
A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in

which the songs are used as antidotes rather than emotions. (239 6209)
Notes On (Brooks Atkinson): Dorothy London brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Patrick Stewart and Victor Garber as her backstage conspirators. (245 3430)
The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (238 6200)
Gleamery Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesman against the world and each other. (239 6200)
WASHINGTON
Quilters (Terrace): Based on American pioneer women's descriptions of their work in making quilts, blankets, Molly Newman and Barbara Demas's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn. Ends Sept 18. Kennedy Center.
TOKYO
Cats (Cats Theatre): The special tent theatre, excellent set, good dancing and Kabuki-derived movement,

make the Japanese version worth seeing. Shiki Company, directed by Keta Asari. (320 1001)
Bunraku (National Theatre): Like a smaller version of Kabuki, this puppet theatre for adults performed by the Osaka Troupe makes one of its few yearly visits to Tokyo. Plays all 18th century, include Ashiya Doman Ouchi Kagami (The White Fox of Shinoda) and Seisbu Akagi Ura. Matinee and evening performances daily. This unique Japanese puppet theatre communicates powerfully: exceptionally skilled technique and virtuosity, detailed English programme notes. (263 7411)
LONDON
Little Shop of Horrors (Comedy): Carry off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an excitingly explicit man-eating-potted-plant. (833 2575)
Pack of Lies (Lyric): A decent, entertaining play about the breaking of a spy ring in the suburban Rutlish of 1950-60. Hugh Whitmore's script cleverly constructs a drama about betrayal from the friendship of neighbors. The story is based on fact and well directed by Clifford Williams. (437 3888)
Ead Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rigorously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

The Real Thing (Strand): Jenny Quavie and Paul Shellee now take the leads in Tom Stoppard's fascinating comedy, slightly based new play. Peter Wood's production strikes a happy note of serious verve. (839 2600/4143)
Daisy Falls In (Globe): Enjoyable romp derived from the world of Angela Bracksley: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1562)
Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)
Starlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating jolly has 10 minutes of Spielbergesque magic in a scintillating first half and a dwindling reliance on indiscriminate rustling around. Disregard Star Wars and Cats as all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184)
Measure for Measure (Barbican): Juliet Stevenson as Isabella confirms her promise as the BBC's brightest young actress, a worthy successor to Abernethy and Dench, in Adrian Noble's resplendent production. (828 8795)
West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers.

The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 8696)
Wild Honey (Lyttelton): Michael Fryn has reworked Chekhov's first play, usually known as Platov, into an engagingly hilarious farce. This superb dramatic first has Ian McKellen giving a brilliant performance at its centre and a shimmering design by John Gunter. The superb direction is by Christopher Morahan. (828 2292)
On Your Toes (Palace): Rodgers and Hart's 1938 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American James dances collides with the Ballets Russes. Come in: there's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 8884)
American Buffalo (Duke of York's): Al Pacino on a flying visit in the David Hare play in which he plays a hoodlum habitué of a junk shop and gives an extraordinary exhibition of sustained, manneristic acting. (835 5122)
A Little Hotel on the Side (Olivier): New in the National's repertoire is John Mortimer's hilarious translation of Feydeau's farce better known as Hotel Paradiso. Benjamin Whitrow is a deliciously funny star-treke. Graceme Garden an adroit farceur. Confident, robust production by Jonathan Lynn with good designs by Saul Radomsky (828 2282).

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MEGIE FINE conducted by James Levine with Illeana Cotrubas, Ingrid Mayr, Ann Murray, Walter Berry, Martti Talvela, The Vienna Philharmonic and the Vienna State Opera Choir at the Riding School Hall, (Thu). Festival information 0822/42641
Momeno, James Levine conducts the Vienna Philharmonic and the Vienna State Opera Choir with Elizabeth Connell, Yvonne Kenny, Trudisessa Schmidt and Werner Holweg, Riding School Hall (Tue).
MEGIE FINE conducted by James Levine with Illeana Cotrubas, Ingrid Mayr, Ann Murray, Walter Berry, Martti Talvela, The Vienna Philharmonic and the Vienna State Opera Choir at the Riding School Hall, (Thu). Festival information 0822/42641

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY
Telegrams: Finantimo, London FS4. Telex: 8954871
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Wednesday August 29 1984

Debt alarm overstated

BANK managers are often inclined to get over-excited about overdrafts, and it seems that Mr Jacques de Larosiere, managing director of the International Monetary Fund, is no exception. This is partly because the diplomatic niceties demand the use of a blunderbuss where a small-bore rifle would be more appropriate.

The text of the sermon is taken from the statistics produced by the IMF, which show that the ratio of public debt to national income has nearly doubled in the seven main industrialised countries in the last decade. This looks like a thoroughly alarming fact, but in truth it is a trick of perspective.

The text also conceals a special clause: after the first oil shock, the OECD governments as a group decided to let their public deficits rise sharply.

Britain's trade unions divided

THE LACK of solidarity evident in both the munitioners' dispute and now in the attempt to organise a strike in Britain's docks highlights the crucial issue which should be faced at the Trades Union Congress in Brighton next week.

Consensus. If the feared scenes of violence erupt outside and inside of the Brighton conference chamber next week, it will be a sign of a convulsive struggle going on within the movement over the nature of union solidarity, how it should be expressed and how it should be marshalled.

Initiative. Mr Len Murray, the retiring TUC general secretary, seized his chance after the 1983 election to do some much-needed repair work. His "new realism" initiative, supported by Mr David Barnett — but too few others — was aimed more at clearing the dangerously narrowing arteries between leaders and led at all levels in the union movement than it is an advertised getting a new relationship with Government.

The miners' dispute, and now the attempted dockers' stoppage, have underscored with thick black lines the correctness of the Murray initiative. A miners' strike called without a ballot, a dockers' strike called against the judgment of many — perhaps

EVERY YEAR the story of the EEC cereals surplus looks a little bit more like a faded John Ford cowboy movie. As the harvest is gathered in, the producers circle their groaning waggon and, armed with a few hundred million dollars in subsidies, prepare to do battle with the market.

Then, just as their financial ammunition looks certain to run out, the cavalry comes to the rescue. Last year, their rescuers took the form of a U.S. drought and the effects of the American payment-in-kind programme assigned to pay farmers to take their land out of cultivation.

This time it is an unusual alliance between the high value of the U.S. dollar, a drought-hit Canadian crop, low output in Argentina and yet another substantial shortfall in Soviet production.

Fingers in Brussels remain tightly crossed, however. Europe has produced a record harvest, probably exceeding 130m tonnes for the first time, with wheat, the most important and costly crop, expected to top 60m tonnes.

Any substantial fall in the dollar, the world currency for grains, would cut Community earnings from sales due to the exchange rate loss. Similarly, any drop in U.S. prices would quickly force the EEC to breach its Ecu 2.6bn (£1.48bn) budget as the Community struggled to offload surpluses on world markets with increased subsidies.

Why EEC farmers fear there may be trouble ahead

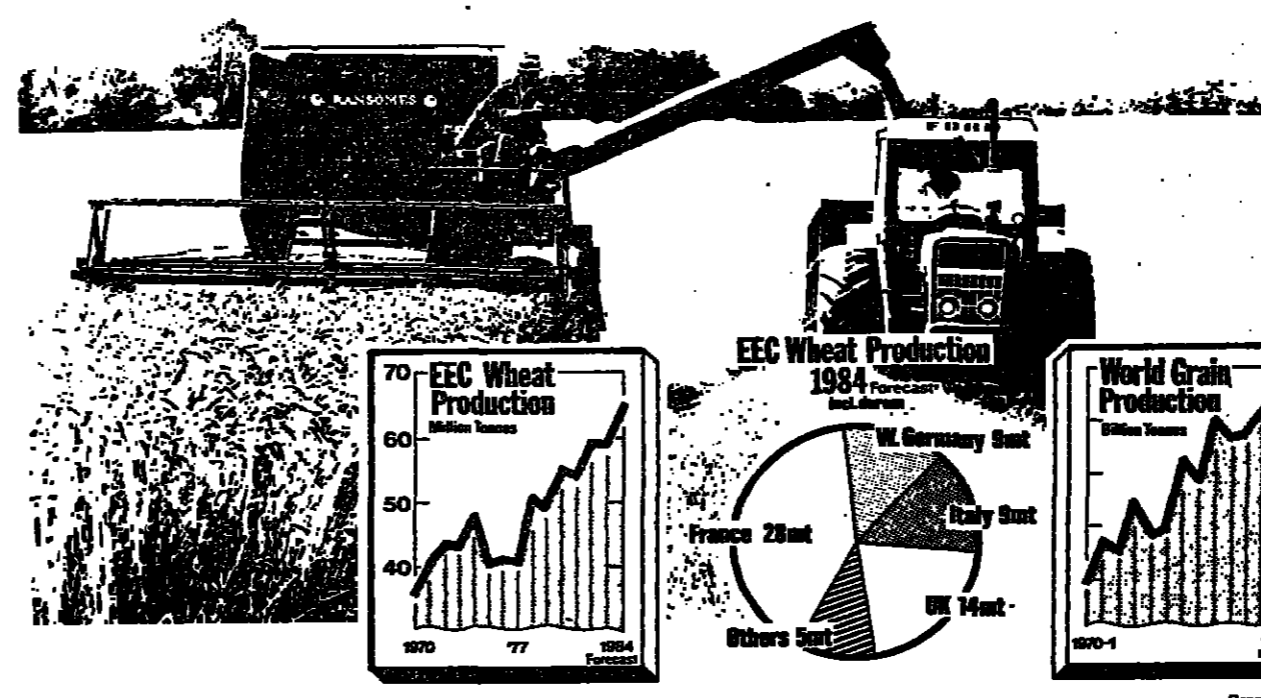
EUROPEAN cereal farmers are reaping an embarrassment of riches this season.

Crops in the Community's two largest producer countries — France and Britain — are certain to break records. Official French estimates now indicate a total cereals crop of around 50m tonnes. In Britain, with the highest-ever average under harvest and reports of excellent yields, the total grain crop is unlikely to be less than 24m tonnes, some 2m more than the previous high in 1982.

Only in West Germany, the EEC's third big grain-grower, is output relatively stagnant. The strides made by the UK, which until the mid-1970s was a net importer of wheat and barley, are particularly impressive.

But British farmers are far from staging an early harvest festival. Prices, particularly of wheat, have tumbled in recent weeks as the scale of the bounty has become apparent. Milling wheats, for example, are fetching at least 10 per cent less than they were in August 1983.

Europe's farmers will certainly survive, and even prosper, through this apparent financial squall. What worries them is that this year's bumper crop has



of the world market or about 14m tonnes. That is the good news. The bad news comes in the longer term. Next year the cavalry may not come, the Soviet, Canadian and Argentine harvests may improve. And it is possible that both the dollar and U.S. support payments for cereals farmers could fall, thus bringing world prices down with a bump.

For this reason, Mr Peter Pooley, the Commission agriculture deputy director responsible for cereals management, chose a meeting just two weeks after ministers approved the punitive milk "superlevy" in March to warn producers that it was their turn next.

"We do not love your propensity as a cereals producer to produce ever more grain at ever lower quality and soon beyond our capacity to store," he said. Tackling the cereals problem has become steadily more important ever since the intervention prices were first based

EUROPE'S GRAIN MOUNTAIN

Bumper crops, bumper risks

By Ivo Dawney in Brussels

on West Germany's high benchmark in 1987 and filtered through to pigs and poultry where feed costs are crucial. The Ten's avowed commitment to contain the costs of the Ecu 16.5bn farm budget first manifested itself this year with controls on the dairy sector which absorbed 30 per cent of the funds.

They have also accepted a new system of guarantee thresholds that penalises production by a 1 percentage point price reduction on intervention rates

for every 1m tonnes produced over a figure fixed yearly by the Council. This, however, has proved largely ineffectual so far, as the threshold trigger level (last year 120.6m tonnes) has yet to be exceeded despite the large surplus.

The Commission also proposed a limit on the import of cereal substitutes — like corn gluten, a high protein animal feed — largely sold by the U.S. Imports of these cereal substitutes have risen from 6.2m tonnes in 1974 to 17.8m last year. But though the ministers have now agreed to refer the question of a ceiling on imports of several substitutes — most notably corn gluten feed — to Gatt, several countries, in particular the UK, the Netherlands and West Germany, look certain to block an import ceiling for fear of U.S. retaliation.

The farm ministers agreed to a 1 percentage point cut in prices. But any beneficial effects

mission to tighten quality standards, as outlined above, would provoke howls of outrage in Britain. Large areas of low-quality grain would be left sloshing around the domestic market and prices would fall further.

If it does not take some action to reduce the amount of cereals it is obliged to buy, the Commission will merely be faced with an extra store of grain — and problems — next year. UK traders are speculating that some 4m tonnes of wheat will be held over into the next marketing year from the UK alone, an unprecedented mountain for Britain.

By Andrew Gowers in London

demonstrate in sartorial matters at least he is a conservative with a small "c". Jeremy Corbyn, Labour MP for Islington North, the only member of the platform party not wearing a collar and tie was reminded that his preference for casual dress had been criticised by a Tory MP in the Commons. Livingstone, clad in an immaculate suit and sporting a red tie, said "he had a point."

Hot lines. Harwell nodded and thus too much radioactive waste was shipped to the nuclear rubbish bin at Drigg, Cumbria.

Another nuclear scandal? Hardly. The irony this time is that the radioactive waste came from ordinary homes and offices. It is in the form of plastic dials from the obsolete Triphone telephones, each of which is illuminated with a trace of radioactivity.

The UK Atomic Energy Authority confessed yesterday that its central laboratory had erred.

The scientists' problem is that the radioactivity on the phones is too weak to measure. There is not enough to make their instruments flicker.

But someone sent a batch of 60,000 dials off to Drigg and the cumulative radioactivity of the load exceeded statutory limits — even though it was still too low to be measured.

Remote control. While the dockers were adopting an ambiguous "in-out" posture in nearby Immingham yesterday the Transport and General Workers' union regional office in Hull was still "closed for the bank holiday" according to a recorded telephone message.

But the tape went on to warn callers sternly that "docks and waterways members should note" that a delegate conference of the union last week had called an indefinite strike. There's confidence for you.

Observer

Remnant makes good friends

Confessing he is "quite apprehensive" about some of the recent new linkages between institutions and personalities in the City of London, Lord Remnant, chairman of the fund manager Touche Remnant, says he would usually prefer to start with a "good friends relationship."

It has been just such an informal getting-together which has brought the fund manager and Touche Remnant into a partnership with the mighty Bank of Tokyo, Japan's largest commercial bank on the international scene.

Yesterday their jointly owned baby called BOT Touche Remnant Asset Management opened for business in London to serve international investment clients and — hey presto — within three hours it had won its first customer — a Singapore-based company with a Japanese parent.

The basis of the new business is that Bank of Tokyo finds the clients and Touche Remnant manages their funds. Tasuku Takagaki, chairman of the venture, and also currently managing director of the Bank of Tokyo in London (he returns to Tokyo shortly) said his bank had thought long and hard but had finally decided it must get into the business of international fund management.

"We have found ourselves having to turn away desirable business because of lack of expertise," he explained: a useful admission for a banker.

Bank of Tokyo holds 51 per cent of BOT Touche Remnant Asset Management, and Touche Remnant has 49 per cent.

The god friends relationship between the bank and the fund managers started three years ago when Touche Remnant appointed veteran Japanese banker Soichi Yokoyama to its international advisory board for the Pacific Basin. Yokoyama used to be president and chairman of the Bank of Tokyo and is now an adviser to the bank.

Men and Matters

In London, and David Carter of the Bank of America, spent a year with Touche Remnant in the mid-1970s before going off to the London office of the Bank of America. He returned to Touche Remnant two years ago

according to the three judges — win the Best Front Page award. The uncomfortable TUC high-ups at the reception Clive Bush, Red Tape's editor said "The only person, I'm sure, who will get more pleasure out of this award than me is, of course, your general secretary, Alistair Graham — who unfortunately can't be here today." Brotherly stuff.

Bus party. The Labour Party's campaign to expose the lack of support in the metropolis for the Government's plans for abolishing the Greater London Council through a series of local government by-elections got off to an inauspicious start in South London.

It was hardly a happy augury when the double-decker campaign bus had the greatest difficulty in turning left into a side street to permit the television cameras to record the team chosen to launch the opening Press conference entering Herbert Morrison House, Labour Party headquarters.

Roy Hattersley, Deputy Leader of the Labour Party, who has surprised many of his colleagues by his recently acquired ability to take any number of turns to the left, stumbled when it came to expressing the views of Lord Hailsham — vigorously expressed when he was out of office — about the dangers of "elective dictatorship."

Hattersley said the Government intended to crush opposition from those who want to preserve the GLC by claiming it was a case of "elective democracy."

Ken Livingstone, meanwhile, who is looking to the voters of Paddington for a by-election victory which will return him to County Hall and enable him to resume the role of leader of the GLC, chose the occasion to

Red Tape triumphs. Alistair Graham, beleaguered general secretary of Britain's largest civil service union, the Civil and Public Services Association, suffered a further knock yesterday, much to the embarrassment of officials serving the TUC's governing general council — on which he expects to sit for only a short while longer.

A left-wing coup inside Graham's bitterly-divided union has already ensured his removal from the general council after the end of next week's TUC congress in Brighton.

Part of the feeling against Graham among sections of the CPSA has been his long-running row with the left-wing editor of the union's official journal Red Tape.

In particular, Graham took great exception to a Red Tape front page after last year's general election. Under a photograph of Mrs Thatcher a caption called union members "Suckers!" This was widely taken as an offensive reference to those members of the union who had voted Conservative.

Graham was appalled and put his campaign for control of the journal into top gear. But yesterday that very issue of Red Tape won a first prize in the TUC's annual competition for trade union journals.

Perhaps wisely, Graham did not attend the Congress House reception to see the "Suckers!" item — bold but controversial,

USM Beware of first impressions

In January of this year we published the 1984 edition of our now well-known USM Handbook.

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A pity, really. Because now it's out of date. The July edition, however, isn't. It's complete, in fact, right down to the end of June.

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ISRAEL'S ECONOMIC CRISIS

The dangers of just drifting

By David Lennon in Tel Aviv

A DRASTIC fall in Israel's foreign currency reserves last month has set alarm bells ringing...

But the warning signals have gone unheeded by the country's political leaders...

The insistence of the politicians has baffled many local and foreign observers...

During U.S. election campaigns American politicians always woo the Jewish vote...

American generosity will be needed. As a U.S. State Department report points out...

The balance of payments deficits of the U.S. are estimated at \$500m greater than in 1982...



Finance Minister Cohen-Orgad: balance of payments priority

The politicians are firmly convinced that they will be rescued by American largesse

The position improved in the first half of this year as exports rose 10 per cent...

This is particularly worrying because the treasury believes that the payments deficit is the most serious problem...

His limited, and perhaps temporary, success over the payments deficit has not been matched in other fields...

Israel covers its current account deficit with financing from various sources. Last year these included approximately \$2.2bn in drawings...

abroad, German reparation payments and commercial loans.

There is general agreement among American and Israeli officials about what needs to be done...

The guidelines speak of cutting government spending, reducing the size of the public sector...

Another request will be for the U.S. to hand over its \$1.2bn in reserves...

Rep. Bill Green, a member of the House appropriations committee, visited Israel earlier this month...

However, other American officials are less certain that there would be IMF-type strings attached to additional aid...

The primary requirement is the establishment of a stable new government. Frustration over the lengthy political process...

Worker buy-outs

The lessons America can teach Britain

By Keith Bradley

THE WORKER buy-out of the National Freight Company has focused attention on employee ownership...

Government assistance for employee buy-outs has never been viewed in Britain as a serious option...

The British Government could learn a lot from the U.S. During the 1970s some 100 worker purchases took place in America...

Commercially successful U.S. takeovers involving public assistance include Vermont Asbestos Group...

attempts to purchase their plants have thus obtained support from a broad political spectrum.

In Britain, by contrast, buy-outs have tended to take place in declining industrial sectors and discussion has polarised into a left-right political issue...

Some UK companies achieved manning cuts where strong trade unions had inhibited this before, notably the Scottish Daily News...

Without calling on public funds, similar packages have been negotiated by several U.S. airlines following deregulation.

considerable. Workers involved in recent U.S. cases, together with estimates of those who bought their firms in the 1970s, number approximately 350,000.

The American examples and past British ones share certain features. In particular, despite occasional leftist rhetoric and conservative hysteria...

There are some significant differences. In the U.S. buy-outs have tended to occur in relatively isolated communities and the regionalised, and less partisan, political system has provided natural channels through which to lobby reluctant federal agencies.

Worker ownership is perhaps best seen as a temporary reorganising period

In a democratic political system, existing industrial carry far more weight than ones on the drawing board.

Resistance to structural change is inevitable, as is proliferation of policies designed to cushion its impact.

Worker buyouts, in contrast, provide an opportunity for governments to maintain political credibility and to respond to closure while decentralising the burden of decisions and responsibility.

Collapse, should it occur a second time, is then the responsibility of a coalition of local interests which has sought assistance from government on the basis of a supposedly viable plan.

This is not to say that industrial relations are always harmonious after worker takeovers. U.S. examples show a widespread tendency for old patterns of conflict to re-emerge some months after the transition and several experiments have quietly reverted to private ownership.

ownership is perhaps best understood as a temporary reorganising period.

On the legislative front, Britain lags behind the U.S. American legislation has developed on two fronts. Impelled by a strong populist tradition, opposing concentration of asset ownership...

The second strand emanates from regional concern at the migration of industry from the Northeast corridor to the West and Sunbelt: the Small Business Development Act of 1980 authorises the Small Business Administration to make and guarantee loans to worker-owned firms.

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Ancient Greeks and futurology

From the Chairman, Society for Strategic and Long Range Planning

Sir—Michael Prowse's article on long term forecasting (August 17) is a useful reminder of one of the aberrations of the 1960s...

And this is where the ancient Greeks come in. They—and most civilisations down to our day—accepted that prediction required supernatural powers...

Deterrent strategies may equally result in the unthinkable

From Mr D. Earnshaw Sir—David Cornick is mistaken (August 14); it is also unfortunate he does not stretch his logic a little further...

Now does flexible response destabilise deterrence. Indeed, it arguably offers a sounder basis for deterrence than its predecessor, the MAD doctrine.

Letters to the Editor

of the forces likely to shape it, is an essential task for the good manager. The moment he presumes that he knows what is going to happen...

Playing games with the Press

From the Publicity Director, Mirror Group Newspapers Sir—Clive Wolman's article (August 25) could give your readers a very false impression...

He wrote that the chances of winning the Mirror's £1m guaranteed prize are only one in five billion if eight digits are used. His calculation is based upon pure supposition...

of six different symbols in a specific pattern, the odds against success are three billion to one. The true figure is nearer 60,486,176. This may still seem formidable...

The Daily Mirror, Daily Express and the Sun guaranteed at least one £1m winner each. The Sun, panicked by the Daily Mirror, produced its first £1m winner...

Independent regional operations

From the Managing Director, Air UK

Sir—May I add one point to Michael Bishop's letter (August 21) in response to Mr and Mrs Vandell and Mr Clark of the British Airways Trade Union Council (August 14)...

The fact is that of the 14 routes operated by UK independent airlines, ever since the final merger of BAOC and BEA in 1977...

Political propaganda on the rates

From the Chairman, Efficiency in Local Government

Sir—We recently asked NIP to conduct an opinion poll with the question "Should Local Councils be allowed to spend large sums on political advertising using the rates?"

Greater London Council is the biggest spender on political propaganda with about £10m committed to its anti-abortion campaign.

The Association of London Authorities is preparing a £500,000 campaign to fight rate-capping.

Our poll results give strong ammunition for the Government to stop this abuse, by making this type of spending illegal.

and politically significant peace movement. The latter have succeeded in creating further doubts about American intentions. There is now a debate over defence and disarmament in Western Europe. This is welcome. It may be more constructive, however, were it vitiated less by claims to moral respectability...

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this time being the booming personal computer marketplace.

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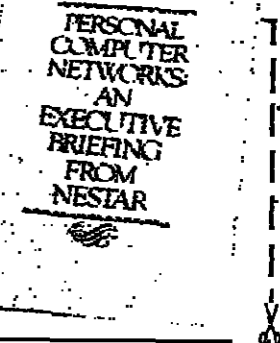
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Wednesday August 29 1984

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GLOOMY ECONOMIC WARNING FROM S. AFRICA RESERVE BANK CHIEF

Overspending threatens SA policy

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA must be prepared to accept economic recession and accelerating inflation in the short term, said Dr Gerhard de Kock, the Governor of the South African Reserve Bank, in Pretoria yesterday.

Dr de Kock said that in the past year controlling inflation was accorded a lower priority than that given to correcting the balance of payments and protecting South Africa's gold and foreign exchange reserves.

Interest rates in South Africa are among the highest in the world. Early this month, Dr de Kock, Mr Barend du Plessis, the Minister of Finance, and Mr Dawie de Villiers, the Minister of Commerce and Industries, announced austerity measures to reduce sharply consumer spending and cut the country's rising inflation rate.

Bond Corp to take control of Airship Industries

By Tony Jackson in London

AIRSHIP INDUSTRIES, the financially troubled airship manufacturer, is to be taken over by Australian entrepreneur Mr Alan Bond.

Mr Bond is Airship's biggest shareholder, holding 31 per cent of the shares through his company Bond Corporation. As a result of a capital reconstruction announced yesterday, his company will hold 75 and 100 per cent.

Bond Corporation is also making an offer for the whole of the existing equity of Airship, at 1p per share. It is not proposed that dealings on the Unlisted Securities Market (where Airship was quoted before suspension) should be resumed after the reconstruction.

THE LEX COLUMN

Thomson recycles its oil surplus

International Thomson is sticking to its admirably clear strategy on what to do when the oil runs out. The deployment of North Sea revenues into U.S. publishing continues apace, with the \$12m spent on acquisitions in the first half of this year bringing the running total to somewhere over \$370m.

Conversely, the performance in UK travel confirms the gloom in the package tour industry. As market leader, Thomson has increased its bookings for the summer season now ending by no less than 32 per cent, but full-year profits will certainly fall below last year's record.

Asda now atot for the furniture shops, and pre-tax profits ought to reach £125m or so. Not a happy forecast for the independent grocers.

Hongkong Bank Yesterday's interim statements from the Hongkong and Shanghai Banking Corporation contain little to cheer a market which was probably looking for something more than 5.5 per cent growth in reported earnings during the first half of 1984, when the group cleared HK \$1,017m.

As for earnings go, the tough measures needed to maintain the Hong Kong dollar at its peg of HK \$7.80 to the U.S. dollar might have suggested slightly faster progress.

Poll among Indians draw low turnout

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S Indian community recorded a low turnout in elections yesterday for its separate house of parliament under the country's new constitution.

Incidents of gunfire were reported on both sides. The Natal Indian Congress (NIC), which has campaigned vigorously against the election, claimed that its members had been harassed by the police. It said dozens of arrests had been made near polling stations in the Durban area, and that the police had refused to extend bail to those who were arrested.

This was seen as an early indication that the percentage poll at the Indian election would be higher than the 30 per cent of registered voters who cast their ballots in last Wednesday's coloured elections.

Demographic factors were also expected to favour a relatively high Indian turnout. Indians are generally employed in white-collar jobs or are self-employed, whereas the coloured population is largely blue-collar. The Indians were believed to have a greater interest in promoting South Africa's new constitutional developments, which tend to preserve the status quo under white rule.

Bank of Tokyo UK investment link

BY BARRY RILEY IN LONDON

THE BANK of Tokyo and Touche Remnant, of the UK, have set up a joint venture international investment management operation in what is claimed to be the first ever collaboration between a major Japanese commercial bank and a London fund management house.

Clients of BITR will pay competitive charges, part of which will be passed on to Touche Remnant for investment advisory services, and a further part to Bank of Tokyo as marketing fees.

Mulroney outlines plans for economy

BY BERNARD SIMON IN TORONTO

THE CANADIAN Parliament will be recalled soon after the September 4 general election to consider a programme of "national economic reconstruction," should the opposition Progressive Conservative Party form the next government, Mr Brian Mulroney, the party's leader, said in Toronto yesterday.

Mr Mulroney said that a Conservative government's early initiatives would include the removal of a 9 per cent sales tax on fuels used by primary export industries, such as mining, energy and agriculture.

Gas discovery off Shetland

Continued from Page 1

ing the economic incentive to set up an infrastructure for a chain of producing gas fields.

This is the second time in two weeks that British Gas has made a pioneering gas discovery. Earlier this month the corporation found a gas field only four miles off Bournemouth's main beach. The Channel had previously been thought to offer prospects for oil.

Lisbon allows first new banks since revolution

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government has authorised Chase Manhattan Bank and Manufacturers Hanover Trust to open four branches in Portugal. It has also authorised Sociedade Portuguesa de Investimento (SPI), an investment company, to convert into an investment bank.

French industry loans

Continued from Page 1

half of industry's long-term investment requirements. French companies also benefit from a number of other subsidies.

Weather

Table with weather forecasts for various locations including London, Paris, Rome, etc.

Gas discovery off Shetland

The west of Shetland is the main new area due to be opened up to the international oil industry in the forthcoming ninth round of oil and gas licences.

French industry loans

Officially believe that the combination of an improvement of corporate profits and the need to replace ageing capital stock will reinforce investment demand. The Government said yesterday that 70 per cent of this year's authorised investment credits had been consumed.

Advertisement for British Aerospace featuring 'Britain's No.1 manufacturing exporter', 'EEC rate of inflation falls again', and 'Second BAe-built communications satellite now on station'.

Vertical text on the right edge of the page, including 'Steady follow assess' and 'WALL STREET'.



International Commercial Banking BNP UK 01-626 5678

WALL STREET

Steady mood follows more assessment

A STEADIER mood emerged in Wall Street financial markets yesterday after the slide of the previous session...

At the short end, the yield on the three-month Treasury bills added four basis points from Monday's auction level...

block of 1m shares was crossed at \$124 by E. F. Hutton. Financial Corporation of America, the country's largest savings and loan concern...

TOKYO Investment trusts add strength

RENEWED interest in incentive-backed issues and a buying bout by some investment trust management companies...

and Honda Motor Y20 to Y1,390, but Matsushita Electric Industrial slipped Y20 to Y1,650, and Fuji Photo Film Y20 to Y1,760.

The bond market eased in response to a decline in bond prices in the U.S. and the yen's slide against the dollar.

EUROPE Bright spots despite the gloom

UNEASE over credit policies - both local and foreign - combined with a measure of profit-taking to turn every European bourse lower yesterday.

Leading the advance was Nixdorf Computer, up DM 15.50 to DM 536, and the Philips unit PKI notched up a further DM 11 rise to DM 546.

LONDON Investors left waiting on the docks

BUSINESS resumed in London markets after the holiday weekend in the same subdued mood as last Friday, as investors waited for a clearer picture to emerge from the confused labour unrest at UK docks.

KEY MARKET MONITORS

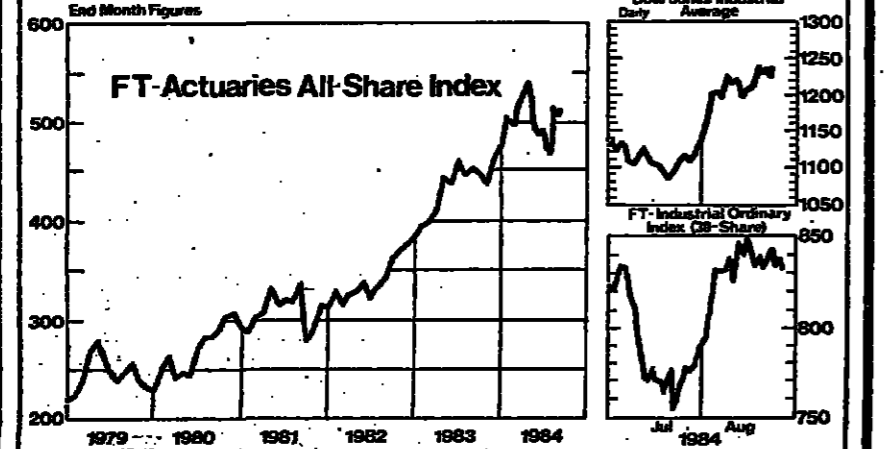
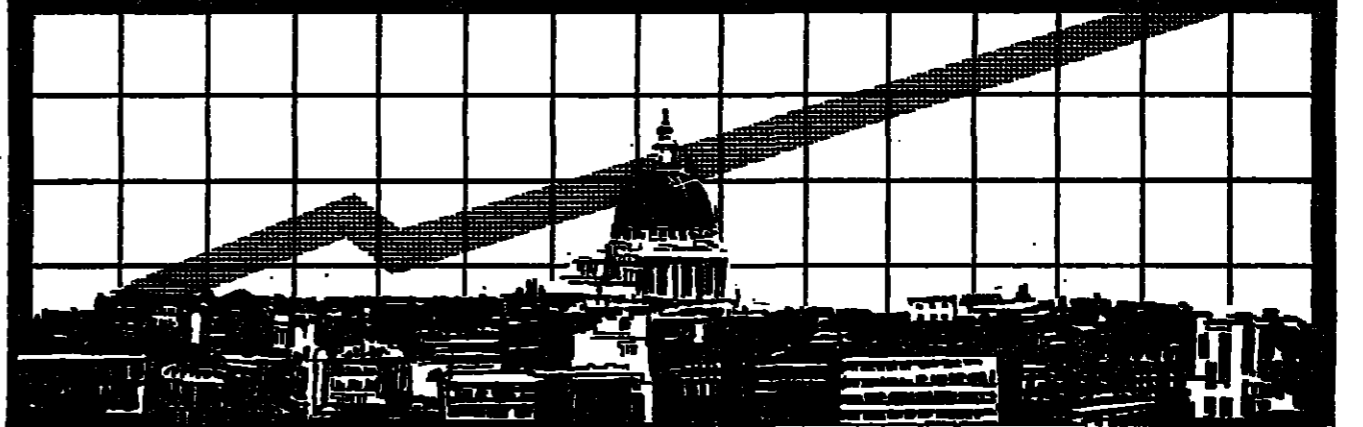


Table with columns: STOCK MARKET INDICES, CURRENCIES, INTEREST RATES, U.S. BONDS, FINANCIAL FUTURES, COMMODITIES. Lists various market indices and prices.

Table with columns: U.S. DOLLAR, STERLING, U.S. BONDS, FINANCIAL FUTURES, COMMODITIES. Lists currency exchange rates and commodity prices.



The FT/British Venture Capital Association Venture Capital Financial Forum

Following the success of the 1983 Venture Capital Financial Forum, the Financial Times and the British Venture Capital Association have arranged a second forum in London on 3 & 4 December, 1984.

Registration form for the forum with fields for Name, Position, Company, Address, Telephone, and Telex.

INTL. COMPANIES & FINANCE

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)

UNAUDITED PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1984

| CONSOLIDATED INCOME STATEMENT | 1984 Rm's | 1983 Rm's |
|---|-----------|-----------|
| Profit before taxation | 144.4 | 123.9 |
| Taxation | 10.9 | 13.4 |
| Profit after taxation | 133.5 | 110.5 |
| Outside shareholders' portion of profit | 1.7 | (0.8) |
| Consolidated profit | 131.8 | 111.3 |
| Derived from: | | |
| Income from investments | 89.0 | 71.0 |
| Profits of operating subsidiaries | 19.0 | 19.7 |
| Other net revenue | 23.3 | 20.6 |
| Preference dividends | 8.1 | 8.5 |
| Profit attributable to ordinary shareholders | 123.7 | 102.7 |
| Retained profit at beginning of year | 268.8 | 228.7 |
| Distributable profit | 392.5 | 331.4 |
| Ordinary dividends | 55.0 | 47.5 |
| Interim of 190c (1983-130c) | 13.2 | 9.5 |
| Final of 570c (1983-520c) | 41.8 | 38.0 |
| Transfer from non-distributable reserves | 337.5 | 283.9 |
| | 24.8 | (15.1) |
| Retained profit at end of year | 362.3 | 288.6 |
| CONSOLIDATED BALANCE SHEET | | |
| Investments—at cost less provisions (market value or directors' valuation—R1,747.9m (1983)—R1,335.2m) | 267.3 | 234.8 |
| Loans | 63.7 | 58.5 |
| Marketable properties and mining prospects | 28.1 | 20.5 |
| Fixed assets | 160.1 | 128.1 |
| Mining assets | 80.0 | 71.0 |
| Net current assets | 11.3 | 28.8 |
| Current assets | 721.6 | 538.1 |
| Current liabilities | 710.3 | 509.3 |
| | 610.5 | 541.7 |
| Financed by: | | |
| Ordinary shareholders' interest | 436.0 | 383.4 |
| Preference share capital and share premium | 72.0 | 80.0 |
| Outside shareholders' interest in subsidiaries | 8.9 | 6.6 |
| Deferred taxation | 30.4 | 25.8 |
| Long-term liabilities | 63.2 | 65.9 |
| | 610.5 | 541.7 |
| Total number of ordinary shares issued | 7,338,600 | 7,312,800 |
| Earnings per share | 1.866c | 1.405c |
| Ordinary dividends per share | 750c | 650c |
| Net asset value per ordinary share at 30th June based on market value or directors' valuation of investments and properties | R276 | R213 |

NOTES:

- Profit attributable to ordinary shareholders of R123.7m was 20.4 per cent higher than that for the previous year.
- A final dividend of 570c has been declared to make a total for the year of 750c per share, which is 15.4 per cent higher than that for the previous year.
- In terms of the provisions of the share incentive scheme, 26,800 shares were allotted during the year to senior members of staff.
- In calculating the net asset value per share the excess of directors' valuation of subsidiary companies over the net book value has been included. On behalf of the board
G. H. Waddell | Directors
P. F. Retief |

DIVIDEND NO. 117

A final dividend (No. 117) of 570 cents per share in the currency of the Republic of South Africa has been declared payable to holders of ordinary shares in respect of the year ended 30th June, 1984.
Last date for registration: 14th September, 1984
Registers close (dates inclusive) from: 15th September, 1984 to 21st September, 1984
Date of payment: 1st October, 1984
Currency conversion date (for payments from London): 15th October, 1984
The dividend is declared subject to the customary conditions which may be inspected at or obtained from the Company's Johannesburg office, the office of the London Secretaries (Barnato Brothers Limited of 99, Bishopsgate, London, EC2M 3XE) or the London Bearer Office of Hill Samuel and Company Limited, 45, Beech Street, London, EC2P 2LX. Holders of share warrants to bearer should present coupon No. 117 to the London Bearer Office. South African Non-Resident Shareholders' Tax at the rate of 14.56 per cent and United Kingdom Income Tax will be deducted from the dividend where applicable.
By order of the board
M. J. Meyer
Secretary

Head Office and Registered Office:
Consolidated Building,
Cor. Fox and Harrison Streets,
Johannesburg 2001.
(P.O. Box 590, Johannesburg 2000).
29th August, 1984

Norsk Data doubles first-half earnings

By Fay Gjeater in Oslo

NORSK DATA, the fast-growing Norwegian mini-computer manufacturer, sharply increased its profits in the opening half of 1984. The company, whose shares are quoted on the Oslo, London and Stockholm stock exchanges, and traded on the New York over-the-counter market, more than doubled its pre-tax profit to Nkr 50.6m (S.U.S.\$1.1m), in the half, from Nkr 24.7m. Operating income totalled Nkr 50.4m, against Nkr 30.9m, and orders booked for hardware, software, training and maintenance, reached Nkr 622m, up 65 per cent. Growth in bookings was strong in most areas. In Norway, where Norsk Data has its largest market share, it was 80 per cent, and export orders increased by 81 per cent. Norsk Data's Nkr 201.5m share capital comprises about 30 per cent non-voting B shares, most of which are held by foreigners. Foreign investors also hold about 94 per cent of the A shares, which have voting rights. The company has asked the Norwegian authorities to relax existing rules concerning B shares so that it may issue as many as it wants, and sell an unlimited number to foreign investors. The Government is believed to be giving favourable consideration to this request, which could make it easier for Norwegian companies to attract foreign capital.

Shipping merger challenged

By Our Oslo Correspondent

A MAJOR Norwegian shipping takeover is being challenged by two brothers who have just acquired a majority stake in one of the companies involved. The deal, one of the largest ever arranged in Norwegian shipping circles, centres on the purchase by the Kloster Group of another cruise company, Royal Viking Line. Sellers were Bergen Steamship and Nordenfjeldske, the two Norwegian shipping companies. The merger would create a fleet worth Nkr 5.7bn (\$889m). The sellers are taking stakes of 7.5 per cent each in the new merged company, which is shouldering Royal Viking's debts, reported to be about \$115m. This package is now being contested by Arne and Wilhelm Blystad, two brothers who control 51.5 per cent of Bergen Steamship through their company, Merius. They plan to have the deal overturned, claiming that the takeover is against the interest of Bergen Steamship shareholders. They say that unless the deal is amended by including a share value guarantee, the present board of Bergen should resign. Although they now control 51.5 per cent, the Blystad brothers have no seats on Bergen's board. Moreover, their shares, newly acquired, will not be entitled to vote at a shareholders meeting, until four weeks after the August 2 purchase date for the takeover.

Three Nordic banks forge close links

BY KEVIN DONE, NORIC CORRESPONDENT IN STOCKHOLM

THREE of Scandinavia's leading banks, Skandinaviska Enskilda Banken of Sweden, Bergensbank of Norway, and Union Bank of Finland, plan a far-reaching co-operation deal which will leave the three with share stakes in each other. The agreement covers both their domestic and international businesses and is partly dependant on charges being forced through in both Swedish and Norwegian banking legislation. It has been made in response to the growing liberalisation of Nordic banking regulations and in preparation for the increased competition that will result when both Norway and Sweden open their frontiers to foreign-owned banking operations. To cement the co-operation the three banks will take shareholdings in each other—legislation permitting—with S-E Banken, the Nordic region's biggest bank, buying a holding of up to 10 per cent in Bergen Bank and up to 6 per cent in Union Bank of Finland. It is planned that the deals will be made at market prices and through direct issues of new shares with each bank investing the same amount in the other. The transactions are unlikely to be made before next summer at the earliest but at current prices they involve an investment of Skr 395m (\$47.5m) by S-E Banken. Union Bank would invest Skr 335m, in gaining a 3.4 per cent stake in S-E Banken and a

5 per cent share in Bergenbank. Bergensbank would invest Skr 180m to acquire holdings of 1.4 per cent in S-E Banken and 1.3 per cent in Union Bank. In addition, Bergensbank is planning to take shares of 20 per cent in S-E Banken's subsidiaries in West Germany (Deutsch-Scandinavische Bank) and in the U.S. (Skandinaviska Enskilda Banken Corporation) for a total of Skr 80m. Similar holdings could be taken later by Union Bank. The three banks are already partners in the London based consortium bank Scandinavian Bank. By 1985-86 both Norway and Sweden are expected to have passed legislation permitting foreign banks to establish subsidiaries. Finland has already taken such a move. The banks will represent each other in their respective home markets and deepen existing international co-operation. Together they have total assets of some Skr 270bn and some 810 offices in the three countries. The deal does not involve mutual board membership but top level policy committees are to be formed. The banks would be able to offer their customer fast money transfers and efficient cash management services, partly through the joint expansion of computer banking services. In addition, customer would have better access to credits in local currency than would be possible if separate subsidiaries were set up.

Elsevier and VNU well ahead

BY OUR FINANCIAL STAFF

TWO DUTCH publishing groups, Elsevier and VNU, report strong profits growth for the first half of 1984. Elsevier's net profits are 41 per cent ahead and those at VNU a full 58 per cent. On sales up from Fl 647m to Fl 718m, Elsevier has increased earnings to Fl 40.7m (\$12.6m) from Fl 28.9m. For the whole of 1983, net profits totalled Fl 52.7m: the company says

profits in the current six months are expected to develop favourably. VNU, whose profits recovered strongly last year, reports after-tax profits of Fl 30.1m. Sales have improved by a tenth to Fl 690m, so VNU's sales-earnings ratio has widened by more than a point to around 4.4 per cent. Costs have been held in check, rising by just 6 per cent and the group's sales increase includes strong gains for physical volume. Some divisions, notably book publishing in the Netherlands, have continued to recover strongly. VNU says professional publications in the Netherlands and the UK contributed most strongly to the improved performance. The group price and distributes newspapers, magazines, books and trade journals in the Netherlands, UK, U.S. and Belgium.

Porsche sees U.S. profits in first year

By Kenneth Gooding in Detroit

THE PORSCHE family's new car import and distribution company in the U.S. will be profitable in the second half of its first year in operation, Mr John Cook, the chief executive, said yesterday. Porsche Cars North America, began operations on Friday. Some \$25m of capital has been provided by the Porsche family holding company—not the sports car manufacturing business which sold some shares to the West German public recently. Mr Cook said Porsche had withdrawn the U.S. concession from Volkswagen, which had held it since 1969, to protect Porsche's position as the biggest market for its sports cars. He said he expected about 21,500 Porsche cars to be sold in the U.S. this year, a decline from 21,851 brought about by the six-week metal workers' strike in West Germany. Sales should go up to 23,000 in 1985 and rise to 30,000 in five years' time. Porsche North America has signed up 303 of the dealers who held the franchise from VW and the outstanding 14 are expected to sign soon.

Carrefour to offer car insurance

BY PAUL BETTS IN PARIS

CARREFOUR, the leading French hypermarket chain, is branching out into the financial services business by offering car insurance policies to customers. The French group has started a trial venture at its hypermarket of Ecully, near Lyon, but the company said yesterday that it planned to offer a similar car insurance service at its other major stores if the trial was successful. Carrefour said that because it had no experience in selling car insurance policies it had decided to associate itself with brokers but it might eventually offer individual life insurance policies. It is the first time a French hypermarket or supermarket chain has decided to branch out in this field and appears to reflect an attempt to follow the example of large U.S. retailers such as Sears Roebuck which have diversified heavily into financial services.

Carrefour said that because it had no experience in selling car insurance policies it had decided to associate itself with brokers to offer the new policies. It said the choice of offering car insurance as the first experiment in new financial services was linked to the fact that Carrefour already owns a large petrol distribution and car repair and services business. These operations are all sited at the group's hypermarket complexes. "It seemed a natural extension of the existing car services to offer customers also insurance services," an official said.

U.S. \$850,000,000



Malaysia

Floating Rate Notes Due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th August, 1984 to 28th February, 1985 the Notes will carry an Interest Rate of 12 3/4% per annum. The interest amount payable on the relevant Interest Payment Date which will be 28th February, 1985 is U.S. \$635.69 for each Note of U.S. \$10,000.

Credit Suisse First Boston Limited
Agent Bank

Central Finance Co. Ltd.
£10,000,000

6 1/4 Per Cent Convertible Bonds Due 1996

Pursuant to Clause 14(G) of the Trust Deed dated 11th August, 1981 in respect of the above issue, notice is hereby given as follows:—

The Custodian, Tokai International Limited, has moved to the following address:

P & O Building
122-128 Leadenhall Street
LONDON EC3V 4PT

Telephone: (01) 623 7588
Telex: 8512849 TOKINT G (Unchanged)
Cable: TOKAINT LONDON EC3
Facsimile: (01) 626 7880

Morgan Grenfell & Co. Limited
Principal Paying and Conversion Agent
29th August, 1984

The Novo Group

NOVO

Half Year Statement 1984

| 6 months ended 30th June, unaudited | | | 1979 | 1980 | 1981 | 1982 | 1983 |
|-------------------------------------|-----------|--|-----------|-----------|-----------|-----------|-----------|
| 1983 | 1984 | | | | | | |
| 1,617 | 1,908 | Sales, Dkr. million | 1,275 | 1,579 | 2,193 | 2,681 | 3,380 |
| 329 | 320 | Income after tax (exclusive of extraordinary income) | 103 | 178 | 341 | 475 | 704 |
| 4,778,606 | 5,062,920 | Average number of shares outstanding | 3,383,680 | 3,516,260 | 4,172,810 | 4,540,381 | 4,803,164 |
| 68.78 | 63.11 | Earning per share in Dkr. | 30.54 | 50.01 | 81.78 | 104.69 | 143.52 |
| 260 | 279 | Capital expenditures, Dkr. million | 126 | 201 | 303 | 498 | 963 |
| 4,109 | 4,423 | Number of employees | 3,061 | 3,316 | 3,705 | 3,987 | 4,200 |

The Half Year Statement will be forwarded to registered shareholders on 31st August 1984, and can be obtained as from 3rd September 1984 from

Novo Industri A/S
Corporate Communications
Novo Allé
2880 Bagsvaerd, Denmark
Telephone: 2-93 23 33/3450
or Streets Financial Ltd.
18 Red Lion Court
London EC4A 3HT
Telephone: 01-353 1090

NOVO INDUSTRI A/S

Novo Allé
2880 Bagsvaerd
Denmark



This announcement appears as a matter of record only.



Airbus Industrie

£35,000,000

Revolving Acceptance Credit

arranged by S. G. Warburg & Co. Ltd. Banque Paribas (London)

provided by Allied Irish Investment Bank Limited Banque Paribas (London)
Kleinwort, Benson Limited Midland Bank International
National Westminster Bank Group N.M. Rothschild & Sons Limited
S. G. Warburg & Co. Ltd.

August 1984

INTERNATIONAL COMPANIES and FINANCE

Reuters share sale lifts International Thomson

BY BERNARD SIMON IN TORONTO

INTERNATIONAL Thomson, the Canadian publishing, travel and energy group, lifted net income to \$33.2m (\$68.1m) in the first half of 1984 from \$28.6m a year ago, partly because of a 119m profit from the sale of shares in the Reuters news agency. Earnings per share, after extraordinary items, rose from 9.5 pence to 11.2 pence.

Trading profit fell from \$58.2m to \$57.2m, however, due mainly to narrower margins of the group's British travel subsidiary and an accident earlier this year in the Piper oil field, one of International Thomson's North Sea interests.

The group's first-half sales increased 11.9 per cent to £782.8m. Earnings before the windfall gain from the sale of Reuters shares were \$34.2m. Thomson had a 4.7 per cent interest in Reuters held through the Press Association of the UK.

Publishing subsidiaries in the UK and US have performed strongly so far this year. International Thomson said its regional newspaper interests in Britain posted a "significant" increase in profit, while the development of its North American business was being maintained "at a high level."

Ford sees drop in number of car groups

By Kenneth Gooding in Detroit

THE NUMBER of major motor manufacturers worldwide will be cut from the present total of 18 to about seven within the next five to 10 years because of intense competition and overcapacity in the medium and heavy truck industry, according to Ford, the U.S. motor group.

Those who survive will be companies with an output of more than 150,000 trucks a year and with established operations in Europe, Latin America and North America, Mr. Edison Williams, vice-president and general manager of the group's truck operations, said.

Ford plans to remain among the survivors by launching its first "world truck" early next year. The vehicle will have a European cab, as used on the cargo range, and suspension systems, and a North American-designed chassis, transmission and diesel engine developed from those used by the company's agricultural tractor division.

The truck will be assembled in Brazil for the local market as well as export to the U.S. Mr. Williams told the Automotive News World Congress that the world's medium and heavy truck plants were working on average at just over half capacity. He said other truck makers seemed to believe the answer to overcapacity was to invade the U.S. market.

European companies such as Daimler-Benz, Iveco, Volvo and the Fiat subsidiary, Renault, were already well entrenched in the U.S. and four Japanese truck makers would soon follow, said Mr. Williams.

He said that manufacturers needed to cut 20 to 25 per cent from the cost of producing medium and heavy trucks. Ford is working "to take cost out of every piece of the business."

Ford began its world truck programme two years ago and Mr. Williams estimates it will take another three years to reach the full potential in the company's markets worldwide.

The "world" vehicles will be designed in Europe and North America. Components will be common to Ford trucks wherever they are assembled so they can be produced in relatively high volume.

Ford spent about \$100m on development and produced the prototype at an existing plant in Brazil. Ford's British operations will ship out cab panels for the project but there will be few North American components.

Louise Kehoe on prospects of another personal computer war

Atari out to 'squash Commodore'

A NEW "aggressive" Atari Corporation will emerge out of the remnants of Atari Inc. the former Warner Communications video game and home computer subsidiary, according to Mr. Jack Tramiel, the company's new chairman.



Jack Tramiel: "Business is war"

Atari will "aggressively attack" world markets and transform itself from a "nearly bankrupt company into a world leader by the end of 1985," Mr. Tramiel promised in his first official statement since the July takeover of Atari Inc.

Outlining the company's strategy for the next 15 months, Mr. Tramiel made it clear that his product plans will bring Atari into direct competition with Commodore International, the home computer company that he founded, as well as with Apple Computer, IBM and other major players in the personal computer market.

Mr. Tramiel said that the new Atari will compete in the video game, home computer and small business computer markets. In 1985 he plans to introduce 8-, 16- and 32-bit microcomputers "all at affordable retail prices."

Video games, previously the major business focus of Atari Inc. are however expected to take second place to computers in the future.

Mr. Tramiel's statement is notably short of details, but former Atari employees say that he has scrapped Atari's new video game machine product, announced in January, as well as the \$200 "Super" video game machine. The chairman's strategy appears to be aimed at squeezing profits out of the waning video game market by reducing manufacturing costs and retail prices of the Atari video game to under \$40.

The plans of Mr. Tramiel's predecessor, Mr. James Morgan, to revitalise the video game market with new product offerings have been shelved. Instead, Mr. Tramiel is interested only in fulfilling current demand and is expected to drop video games altogether before the end of 1985.

Atari's new corporate image as an aggressive low-cost computer maker is expected to mirror that of Commodore, where Mr. Tramiel established

the maxim that "business is war."

Commodore and Atari have long been competitors in the home computer business. Now, under Mr. Tramiel's leadership, the rivalry between the two producers is expected to become intense.

Mr. Tramiel has discontinued all but one of Atari's home computer models, the 800XL. The 8-bit computer, now priced at \$169—\$70 less than its price two months ago—competes directly with the Commodore 64 which currently sells for around \$200.

Retailers and industry watchers expect a price war between the companies of the proportions seen last year when Texas Instruments was driven out of business. Atari sustained massive losses and Commodore alone prospered.

Privately, Mr. Tramiel has said that he knows how to "squash Commodore." But he begins his fight against his former company at a severe disadvantage. Commodore, under Mr. Tramiel's guidance, has amassed manufacturing capabilities that enable it to produce many of the parts for its computer products, giving it a major cost advantage.

According to industry researchers at the Boston-based Yankee Group, Atari Inc.'s manufacturing costs on the Atari 800XL were about \$114 early this year. By reducing overheads, Atari's corporation aims to bring costs down to \$95 per unit. Commodore's popular

"64" costs that company around \$84 to make, say the researchers.

Industry analysts are also sceptical about Mr. Tramiel's plans to introduce a new 32-bit home computer similar to Apple Computer's Macintosh, early next year. Development of such a product would normally be expected to take at least a year.

In an effort to speed up the development process, Atari has approached other personal computer companies to negotiate licensing agreements. Mindset, a personal computer start-up company, confirmed that it has recently been approached by Atari, although no further discussions are scheduled, according to the company.

Amiga, another Silicon Valley company with a 32-bit computer design, has also been the target of Atari's attentions. Atari recently sued Amiga claiming that the company failed to fulfil an agreement to supply special graphics circuits which Atari Inc. had licensed to use in video game machines. Amiga has subsequently been acquired by Commodore in a move that has increased the bad blood between Commodore and its former President.

With his assault on the high performance personal computer market, Mr. Tramiel is, however, preparing for what he regards as the major "battle"—competing with Apple and IBM for a "leading" share in the small business computer market.

Canada to study moves for petrochemical industry rescue

BY OUR TORONTO CORRESPONDENT

THE CANADIAN Government has agreed to examine measures to rescue the country's ailing petrochemical industry after ignoring proposals by an official commission of inquiry earlier this year for a reduction in feedstock prices.

The steps are expected to result in a further watering-down of the controversial national energy programme, which has held the prices of petrochemical raw materials above world levels.

Mr. Gerald Regan, Energy Minister, said Government and industry officials could meet soon "to review the immediate short-term measures which could be taken to improve the viability of the industry." His statement follows assurances by the opposition Progressive Conservative Party, which is expected to take power after the September 4 general election, that it will remove taxes on feedstocks used by petrochemical producers.

The hardest hit companies are oil-based producers in eastern Canada whose feedstock prices are kept artificially high by agreements between the federal authorities and the provincial Government of Alberta, Canada's main oil-producing province.

The pricing arrangements between Alberta and the federal Government are due to be reviewed at the end of this year. The plight of the industry is reflected in the recent closure by Union Carbide's Canadian subsidiary of its polyethylene plant in Montreal, forcing the Quebec primary petrochemical producer, Petromont, to shut down its ethylene facility. Petromont has already received emergency funding of C\$50m (\$38.7m) from the federal and Quebec Governments.

In addition, Gulf Canada is to lay off several hundred workers at its Varennes ethylene plant near Montreal. A question mark also hangs over the viability of Petrosar, based in Sarnia, Ontario, and a supplier of raw materials to the Polysar synthetic rubber producer. Petrosar lost C\$50m last year and is expected to post a similar loss in 1984.

Canada has a total of 70 petrochemical plants with sales exceeding C\$50m a year. The industry is a substantial exporter and employs about 18,300 people. It has faced growing competition in recent years mainly from U.S. Gulf coast producers with lower feedstock costs.

A federal task force on petrochemicals proposed last February that the industry's long-term future depended on its ability to buy oil and gas-based feedstocks at market-related prices negotiated between feedstock producers and petrochemical companies.

It urged an immediate 15 per cent cut in natural gas prices for industrial users and financial assistance, to enable oil-based producers to switch to other feedstocks such as butane and propane.

Canada's Restrictive Trade Practices Commission has not yet decided whether to accept proposals by Government anti-trust officials for far-reaching changes in the country's oil industry, a commission official said yesterday.

The controversial recommendations, which are opposed by the oil companies, include banning exclusive sales agreements between oil refiners and petrol retailers, prohibiting most reciprocal supply arrangements between refiners and reworking an official oil import compensation programme.

The Department of Consumer and Corporate Affairs said in evidence to the commission that the changes were necessary to counter overcharging by oil companies and excessive transfers to their parent companies, most of them in the U.S.

The commission has studied the Canadian petroleum industry for the past three years. Public hearings were completed last spring and the commission staff are summarising evidence. This process is expected to be complete by the end of the year.

The official said the commission's eventual recommendations would not necessarily reflect the views of the Department's anti-trust division. The Department is known to be unhappy with the commission's views after a recent investigation into the telecommunications industry.

European companies such as Daimler-Benz, Iveco, Volvo and the Fiat subsidiary, Renault, were already well entrenched in the U.S. and four Japanese truck makers would soon follow, said Mr. Williams.

He said that manufacturers needed to cut 20 to 25 per cent from the cost of producing medium and heavy trucks. Ford is working "to take cost out of every piece of the business."

Ford began its world truck programme two years ago and Mr. Williams estimates it will take another three years to reach the full potential in the company's markets worldwide.

The "world" vehicles will be designed in Europe and North America. Components will be common to Ford trucks wherever they are assembled so they can be produced in relatively high volume.

Ford spent about \$100m on development and produced the prototype at an existing plant in Brazil. Ford's British operations will ship out cab panels for the project but there will be few North American components.

\$50m write-off to leave Kaiser Cement in the red

BY DAVID BLACKWELL IN NEW YORK

KAISER CEMENT, the Oakland, California-based cement manufacturer and distributor, has written off its investment in China Cement, a Hong Kong company in which it had a 36 per cent interest.

The write-off will be taken in the third quarter. After foreign currency adjustments, Kaiser's stockholders' equity will be reduced by \$38.8m or \$5.30 a share.

Kaiser, which invested in China Cement in 1979, said prospects for the Hong Kong cement industry had changed dramatically. Uncertainty over

the colony's political and economic future had depressed the property market, construction activity and the Hong Kong dollar.

These factors had been further aggravated by a significant surplus of cement being sold at dumped prices throughout the Pacific rim, the company said. Although China Cement's plant had performed well, cement prices in China and Hong Kong had not been able to generate the cash to service its debt.

For the second quarter Kaiser reported a net loss of \$97,000 or 33 cents a share, and for the half a net loss of \$5.2m or \$1.10 a share.

Osborne Computer to go public while in Chapter 11

BY OUR SAN FRANCISCO CORRESPONDENT

OSBORNE COMPUTER, the California-based portable personal computer maker that filed under Chapter 11 of the U.S. bankruptcy code last year, is planning a comeback as a public company. In an unusual move, Osborne is planning to offer 3m shares at \$1 each in a public offering while still in Chapter 11.

The company, which attracted worldwide attention when its business collapsed last year, is now aiming to make the most of its unusual financing plans. "This is one of the most off-the-wall things to do, and that's traditional for Osborne," said Mr. David Miller, vice-president of marketing.

The date of the public offering—some time in September or October—will be a "marketing, sales and positive public relations decision," said Mr. Miller.

Because Osborne is still under Chapter 11 protection its public offering will not be regulated by the Securities and Exchange Commission although Mr. Miller said that the SEC has reviewed the plan.

Osborne aims to sell 2m of its shares to Osborne computer owners in California, with the remainder aimed at European distribution of the Osborne products. The offering will put 37 per cent of the company into public ownership.

John Davies on ambitious goals for videotex

W. Germany aims to put public in the picture

WEST GERMANY is pushing ahead optimistically with its videotex system, known as Bildschirmtext (BTX), and is seeking to widen its scope by drawing on similar services abroad.

BTX enables users to call up pages of text and illustrations over the telephone and to view them on a colour television set. With the aid of a keyboard, users can also edit and store data, and instructions, including bank transfers and orders to mail order companies.

The Bundespost, the country's postal and telecommunications authority, has scaled down its projections about the use of BTX in the immediate future because of a delay in setting up the service nationwide and a cautious market reception.

It is still confident, however, that BTX will win wide acceptance within a few years as a source of information and as a means of offering such services as home banking.

The Bundespost will have invested about DM 700m (\$244m) in projects related to BTX by the end of 1986, including orders to IBM worth at least DM 50m for equipment and software.

IBM was unable to meet the original deadline of September 1983 for handing over the system in the form envisaged, but this has taken some pressure off the Bundespost to meet self-imposed targets and has given some manufacturers a little more time to develop and market equipment for users.

After detailed tests, the IBM-developed system now has been given the go-ahead, and an "interim solution" operating since last September is being wound down.

Looking ahead, the Bundespost, which has introduced the so-called Cept standard for script and graphics, is keen to draw on videotex systems in other countries.

The Cept standard was endorsed by European telecommunications authorities in 1981 as a way to harmonise videotex systems. Television sets in West Germany which can display this standard could also show material from the different technical systems developed in France and Britain.

Herr Eric Danke, the Bundespost executive in charge of BTX, says: "We have had contacts with the French and we hope that we can make a connection during the next year, so that West German users can

have access to French services." He also has his sights set on similar link-ups to enable West Germans to draw on videotex services in Britain and the Netherlands and perhaps also Switzerland and Austria.

In practical terms, this would mean that BTX users in West Germany could call up details of holiday attractions in other countries, as well as prices on the London stock exchange and in the Dutch cheese market.

Herr Danke predicts that BTX will have 1m users in West Germany by about the end of 1987, about a year later than the original target date. Revenues are expected to begin matching operating costs when the system has 1m users.

BTX is still a long way from this target. It now has about 5,500 users who were involved in field trials in West Berlin and Duesseldorf, plus about 10,000 others in various parts of the country.

The Bundespost has modified its original target by declaring that it is aiming by the end of 1986 to set up the technical capacity to handle 1m users.

Herr Danke believes that banking may be the key to BTX's success. Many banks are already offering data such as interest rates and stock market prices, as well as enabling customers to call up electronically a statement of their accounts, and, more importantly, to transfer funds instantly, at any time of the day or night from their living rooms.

Insurance companies are also seen by Herr Danke as big potential users, keeping their representatives throughout the country in touch with headquarters and relaying and receiving data via BTX.

The Bundespost has set out on rather different paths from those pursued in pioneering UK videotex operations. It has been anxious to avoid a pricing system that might deter users, and from an early stage it has set great store on developing an interactive system of dialogue.

The costs, most of which are temporarily waived, one being being set as low as possible for users and are to fall mainly on information providers, on the

Setback for Bank of Nova Scotia

By Robert Gibbons in Montreal

THE LOWER trend at Bank of Nova Scotia (BNS), Canada's fourth largest financial bank, continued in the third quarter this year. Net profit was C\$68.5m (\$46.3m) or 38 cents a share, against \$73.8m or 53 cents a share earlier. Revenues were \$332m against \$351m.

For the first nine months BNS reported a net profit of C\$211.5m or C\$1.44 a share, against C\$260.5m or C\$1.85, on revenues of C\$1,032m against C\$1,112m.

The bank said domestic and foreign interest margins remained under pressure in the third quarter, while average balances of non-performing loans were higher. These were shortly expected to move lower. Higher interest rates increased the cost of funds.

The bank also said its fiscal 1983 results were at peak levels.

Vitatron out of the red

By Our Financial Staff

VITATRON, the Dutch medical equipment group which has a London stock market listing, has clawed its way out of the red for the first six months of 1984.

Against an operating deficit of F1 22,000 (\$37,500) in the first half of 1983, the group has returned a profit of F1 1.5m. At the net level, the profit is F1 842,000, against a loss of F1 2,300m.

Sales have risen by 24 per cent to F121.75m, adjusting for the sales of the company's scientific division.

Jammal Trust Bank

IN AN article published on August 22, it was stated that Jammal Trust Bank had collapsed and that it was Egyptian. This was completely erroneous as Jammal Trust Bank SAL, which is in fact Lebanese having 12 branches in that country and four branches in Egypt, continues to trade normally.

We apologise for these errors, which arose in our London office, and are happy to take this early opportunity to correct our article.

BNP Group continues to expand



In an increasingly difficult year at home and abroad, the BNP Group succeeded in expanding its banking and commercial activities. The bank is well prepared for the approaching changes in banking and in the world economy. Total profits rose to FF1,548 million and assets increased by 13.9% to FF843 billion.

In France the growth in deposits of 11.7% enabled lending to companies and private clients to be increased by 15.8%. Many new savings schemes were introduced to fit individual requirements: By the year end 430 automatic teller machines had been installed.

BNP and its subsidiaries gave priority to companies engaged in international trade and to developing facilities for innovative projects and the establishment of new companies.

Worldwide The international network of BNP is one of the largest in the world and is active in 75 countries.

New offices were opened in Macao and Munich, Shanghai and Shenzhen in China, and Wellington in New Zealand. The French franc equivalent of loans abroad amounted to FF98 billion. Diversification of financial services, particularly leasing, was actively pursued.

The bank strengthened further its position in the international capital markets and is one of the world's largest issuers of Eurobonds. The contribution by the international division to Group profits rose from 24% to 26%. The increase came mainly from the Australian and European networks.

Results 1983 brought record profits. After distribution of the dividend and despite a substantial increase in the provision for bad or doubtful debts, shareholders' funds increased to FF12,812 million.

| Consolidated figures | FF million | % Increase |
|--|------------|------------|
| Net revenue | 24,399 | +11.8 |
| Profit before tax and provisions | 7,980 | +10.9 |
| Provision for doubtful debts and general risks | 5,144 | +17.3 |
| Net profit | 1,548 | +4.7 |

Banque Nationale de Paris

BNP Group Head Office: 16 Boulevard des Italiens, 75009 PARIS. Telephone: (010331) 244 4546, Telex: 280 605

Handwritten signature: J.P. Viciolo

INTL. COMPANIES & FINANCE APPOINTMENTS

Earnings at Repco improve by 40%

By Michael Thompson-Noel in Sydney

REPCO, the diversified Australian motor components manufacturer and retailer, scored a 40.3 per cent improvement in net profit for the 12 months to June, following two years of determined rationalisation and the shedding of about 3,000 jobs.

Net profit was A\$26.1m (US\$22.2m) on turnover 13.4 per cent higher at A\$1,038m. The dividend total is maintained at 10 cents per share.

Mr Neil Walford, the chairman, said the company was now a "well balanced and diversified group, both geographically and operationally," and said that group sales in the current year were likely to improve to around A\$1.2bn.

He added that all main divisions were "in good health" and well set to produce increased profits.

Thomas Nationwide Transport, Australia's largest transport concern, is making a one-for-four rights issue at 50 cents a share - well below prevailing market prices - in order to boost working capital by A\$29.5m.

The company also announced a fourth-quarter dividend of three cents a share, making a total of 12 cents per share. The full year results to June have not yet been announced.

Alcan Australia, the aluminium producer, has reported a net profit for the six months to June of A\$10.1m, against a loss in the corresponding period last year of A\$14.9m.

The interim dividend is three cents per share. There was no interim payment last year. The company said that declining world aluminium prices had been partially offset by falls in the value of the Australian dollar.

Mitsubishi Motors Australia converted an A\$13.9m loss in the year to June 1983, into a net profit of A\$128,000 for 1983-84. Turnover grew from A\$373m to A\$406m. The company plans to launch an all-new Australian-made car in 1985.

Marginal rise in interim profits at Hongkong Bank

By DAVID DODWELL IN HONG KONG

THE HONGKONG and Shanghai Banking Corporation yesterday reported attributable profits of HK\$1,028m (US\$130m) for the six months to June, up 5.5 per cent from the HK\$964m of the first half of 1983.

Mr Michael Sandberg, the chairman, conceded that the results were "certainly not miraculous," but noted that they compared favourably with the results of the "big four" British banks, and of banks in the U.S.

He said that loan demand in Hong Kong remained flat, and that the economic climate as a whole had not recovered, despite a strong rally by the territory's manufacturing sector. A degree of confidence, he turned, he said, but "some uncertainty over the political

outlook persists." Mr Sandberg said the bank aimed "in the fairly immediate future" to reach a decision on whether or not it will acquire a 29.9 per cent stake in James Capel, the London stockbroker. If the deal goes ahead, he said the bank would acquire larger holdings as London stock exchange regulations allowed. He gave no indication of the price tag that would be attached to the deal.

The Hongkong Bank is still looking for a suitable banking acquisition in Europe, Mr Sandberg said. He insisted that nothing suitable had yet been identified, though the bank was "constantly being approached by marriage brokers."

Noting that "uncertainty has been the enemy of progress,"

Mr Sandberg said investment activity had been lower than the bank would have liked, with most people awaiting the outcome of secret Sino-British talks on the future of Hong Kong. An agreement is due to be initiated in the last week of September, setting the framework for Hong Kong's future after 1997 when China resumes sovereignty.

Mr Sandberg refused to give a profit forecast for the full year. He announced an interim dividend of 15 cents per share, compared with an adjusted 14.4 cents at the same stage last year, and said the bank was confident of recommending a final dividend of at least 31 cents, a 5 per cent increase on 1983.

See Lex

Doubts over bid for Tai Sang

By OUR HONG KONG CORRESPONDENT

THE SINGAPORE-BASED United Industrial Corporation's HK\$280m (US\$35.7m) bid for Tai Sang Land in Hong Kong is in question this week after the expiry date for the offer passed at the weekend. The lapsing of the offer, made through a Hong Kong subsidiary, coincided with a rebuttal by the Tai Sang board of public censure by the territory's Securities Commission over an alleged breach of its takeover code in its response to the bid.

UIC plans to make no move

for the next two weeks, while it waits to see whether Hong Kong's Attorney General takes any further action. Under normal circumstances, the UIC bid would now have to lapse, but in view of the public censure it is under no immediate pressure to withdraw.

When it acquired a 28.6 per cent stake in Tai Sang, a family-controlled property company with most of its interests in warehouses in Hong Kong, in the middle of June, UIC made it clear that if the takeover succeeded it intended to

use Tai Sang as a springboard for business with China.

UIC is controlled by Mr Lee Kim Yew, the brother of Singapore's Prime Minister. Its main interests are in property, and in the manufacture and distribution of detergents and toiletries. It revealed at the weekend that it is now negotiating to acquire a 14 per cent stake in Madison Securities, a Hong Kong-based merchant banking and trade financing company. Madison is planning to change its name to IBI Far East (Holding).

MPH in the red after hefty tax

By WONG SULONG IN KUALA LUMPUR

MULTIFURPOSE Holdings, the diversified Malaysian Chinese investment group, has reported a 155 per cent increase in pre-tax earnings to 17.4m ringgit (US\$7.5m) for the six months to June, but after a hefty tax charge and minority interests, there was a loss of 2.4m ringgit compared with a net profit of 108,000 ringgit.

An extraordinary gain of 13m ringgit left attributable profit at 10.5m ringgit compared with 4.3m. Turnover rose from 196m ringgit to 307m ringgit. Shareholders have approved

the deal under which MPH is to transfer its 40.7 per cent stake in United Malaysian Banking Corporation to companies under Daim Zainuddin, Malaysia's new Finance Minister, in return for a 51 per cent stake in the small Malaysian French Bank and a cash payment of 132m ringgit.

Two plantation companies in the group - Dunlop Estates and Malaysian Plantations - reported strong advances in profit for half-year, due largely to good palm oil prices.

Dunlop Estates lifted pre-tax

profits by 174 per cent to 22.8m ringgit on turnover 173 per cent higher at 140m ringgit, while Malaysian Plantations profits rose 60 per cent to 4.5m ringgit on turnover up 32 per cent to 16.1m ringgit. After-tax profits were 11.5m ringgit.

Bandar Raya Developments, the listed 41 per cent-owned associate of MPH, made pre-tax profits of 6.9m ringgit, up 8 per cent, on turnover down 37 per cent to 20.6m ringgit. Slow sales of residential properties in a dull market affected earnings.

UK

Group finance director for Michael Page

Mr Ian G. Fitcher is to join MICHAEL PAGE PARTNERSHIP on October 1 as group finance director, with particular responsibility for acquisitions and business development. He is a main board director of County Bank and head of its New York office.

Mr A. J. Butterworth, chairman of FLEXTECH, will be retiring after the annual meeting on September 18. He will be succeeded by Mr L. V. D. Tindale. Mr Tindale, who joined the board in 1975, is deputy chairman of Investors in Industry Group, chairman of Edbro Holdings and a director of several other companies including Britoil and Northern Engineering Industries.

Mr Anthony Butterworth has resigned his partnership with St Quentin, chartered surveyors, and has become managing director of PAUL SYKES (DEVELOPMENTS).

Dr Graham D. Fritchard has been appointed group marketing manager of NOBLE DENTON INTERNATIONAL. He will be responsible for the group's worldwide marketing activities.

Mr John Faiston has been appointed managing director of SOULTON SCAFFOLDING, Birmingham, an SGB Group subsidiary. He was previously president of the group's American subsidiary, SGB Construction Services, Inc. He takes the position vacated by Mr Joseph Finzeane who has been appointed managing director of the group's Australian operating company, SGB Brooker Pty.

Mr Ian Tozer has joined the board of PROTIM SERVICES as managing director. Mr Fred Friday continues on the board and has been appointed director of operations. Protim Services is a wholly-owned subsidiary of Benlex Holdings. Mr Tozer was director and general manager of LPH Equipment. Mr Ken Gilbert, Protim's marketing director has retired.

Mr William Warburton, managing director of MARSHALL CAVENDISH, has resigned to take up a consultancy with Times Publishing of Singapore and assist in the development of the newly-opened Westway Film Studios. Mr Peter Edwards takes over as managing director.

Mr T. Glagell has been appointed chief underwriters of BALTIKA-SCANDINAVIA INSURANCE COMPANY (UK) from October 1.

INTERNATIONAL

President of HealthAmerica

HEALTHAMERICA CORPORATION, the American independent investor-owned operator of health maintenance organisations, has named Mr Gerald Newmin as president and chief operating officer. Mr Newmin, who is to be elected to the company's board in August, has served for the past eight years as president and chief operating officer of International Silver Company, Meriden, Conn. He earlier served for two years as vice-president and western regional manager of American Medicorp Inc.

Mr James E. Barnes and Mr John D. Morrow have been named to the board of VISTA CHEMICAL CO. Mr Barnes is president and chief executive officer of Mapco Inc, headquartered in Tulsa, Oklahoma. He joined Mapco in May as senior executive vice-president. Mr Morrow is with the investment banking firm of James D. Wolfensohn Inc, headquartered in New York. Vista Chemical, formerly Conoco Chemicals Company, is a privately-held corporation with headquarters in Houston, Texas.

INFORMATICS GENERAL CORPORATION has reorganised its operating structure into two units, Informatics Systems and Informatics Applications, following the resignation of Mr Bruce T. Coleman as president of the company for personal reasons. Dr Walter F. Bauer will assume

the duties of president in addition to his present responsibilities as chairman of the board and chief executive officer. The reorganisation places all the company's offerings for Fortune 1,000-sized companies, including the existing British and European software products and professional services operators, into the new Systems organisation. Vertical offerings for such as law, accounting, insurance and distribution, will comprise the Applications organisation. Heading Informatics Systems will be Mr Richard C. Lesaus, promoted from senior vice-president to the new position of executive vice-president. He will move from the company's Rockville, Maryland operation to corporate headquarters in Woodland Hills, California, to take up the appointment. Mr James R. Porter is promoted from group vice-president to the new position of executive vice-president to head Informatics Applications.

NATIONAL STARCH AND CHEMICAL CORPORATION has elected Mr Wallace K. Grubman chairman, succeeding Dr Carlyle G. Caldwell. Mr Grubman, formerly president and chief executive, will remain chief executive. Dr Caldwell will continue to be active in the company's business and will remain a member of the board of directors and become chairman of its

executive committee. Elected president and chief operating officer is Mr Nicholas G. Marotta, formerly group vice-president of industrial starch and food products division.

Mr Hugh J. Morgan Jr has been elected vice-chairman and a director of SONAT INC, and chairman of SOUTHERN NATURAL GAS COMPANY, a Sonat subsidiary, effective September 1.

Mr Morgan is executive vice-president of Sonat, chairman of Sonat Marine, also a Sonat subsidiary, and president of Southern Natural Gas. In his new position, he will remain as chairman of Sonat Marine and will continue to have operating responsibility at Sonat Inc for Southern Natural Gas and Sonat Marine.

NORWEST AMERICAN BANK S.A., Luxembourg, the international merchant banking subsidiary of Norwest Bank Minneapolis N.A., has promoted Mrs. Maureen Feard to associate director.

Mr C. O. (Chuck) Ziemer has been elected a senior vice-president of CBI INDUSTRIES INC. He recently was appointed general counsel, succeeding Mr Richard A. Barton who has retired. Mr Ziemer joined in 1984 as assistant counsel at the general offices in Oak Brook, Illinois, and was appointed associate general counsel in 1978. He was elected a vice-president in 1980.

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This announcement appears as a matter of record only. July 1984

The Tokyo Electric Power Company, Incorporated
(Tokyo Denryoku Kabushiki Kaisha)

U.S. \$100,000,000
13% per cent. Notes 1989

Issue Price 100%

County Bank Limited

| | |
|---|---|
| Algemene Bank Nederland N.V. | Banque Paribas |
| Girozentrale und Bank der österreichischen Sparkassen | Nomura International Limited |
| IBJ International Limited | Manufacturers Hanover Limited |
| Merrill Lynch Capital Markets | Mitsui Finance International Limited |
| Morgan Guaranty Ltd | Morgan Stanley International |
| Orion Royal Bank Limited | S.G. Warburg & Co. Ltd. |
| Westdeutsche Landesbank Girozentrale | Yamaichi International (Europe) Limited |

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|---------------------------------------|--|--|
| Abu Dhabi Investment Company | Dai-ichi Kangyo International Limited | Mitsubishi Trust & Banking Corporation |
| Al-Mal Group | Daiva Europe Limited | (Europe) S.A. |
| Arab Banking Corporation (ABC) | Dominion Securities Pitfield Limited | Mitsui Trust Bank (Europe) S.A. |
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| (Overseas) Limited | Hambros Bank Limited | The National Commercial Bank |
| Bank Leu International Ltd. | Handelsbank N.W. (Overseas) Ltd. | (Saudi Arabia) |
| BankAmerica Capital Markets Group | Hill Samuel & Co. Limited | The Nikko Securities Co. (Europe) Ltd. |
| Bank of Tokyo International Limited | Kidder, Peabody International Limited | Nippon Credit International (HK) Ltd. |
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| Société Anonyme | Kreditbank S.A. Luxembourg | Rabobank Nederland |
| Banque Nationale de Paris | Kuwait Foreign Trading Contracting | Salomon Brothers International Limited |
| Barclays Bank Group | & Investment Co. (S.A.K.) | J. Henry Schroder Wagg & Co. Limited |
| Baring Brothers & Co., Limited | Kuwait Investment Company (S.A.K.) | Société Générale |
| Chase Manhattan Capital Markets Group | Lehman Brothers International | Société Générale de Banque S.A. |
| Chase Manhattan Limited | Sharcson Lehman American Express Inc. | Strauss, Turndull & Co. |
| Commerzbank Aktiengesellschaft | Lloyds Bank International Limited | Sumitomo Finance International |
| Crédit Commercial de France | LYCB International Limited | Sumitomo Trust International Limited |
| Crédit Lyonnais | Mitsubishi Finance International Limited | Toyo Trust International Limited |
| Creditanstalt-Bankverein | | Wood Gundy Inc. |

July 1984

The Tokyo Electric Power Company, Incorporated
(Tokyo Denryoku Kabushiki Kaisha)

U.S. \$100,000,000

U.S. Dollar/Japanese Yen

Long Dated Foreign Exchange Swap

Intermediated by

National Westminster Bank PLC
Tokyo Branch

Structured and arranged by

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UK COMPANY NEWS

ASDA passes £100m and 'doing very nicely'

THE £100M pre-tax profit barrier has been broken by Associated Dairies Group, the food retailing superstore. In the year ended April 28 1984 the group has produced a £27m advance to £104.6m and is effectively raising its dividend from 2.25p to 3p net, with a final 1.75p and giving another scrip—this time on a one-for-five basis.

Table with 4 columns: 1984, 1983, Operating profit, and Operating turnover. Rows include Stores, Fresh Foods, Carpet Stores, Wades Stores, UKAY Furnishing, Miscellaneous Trading, Inter Company, and Overheads. Totals are 1,755,220 for 1984 and 1,519,144 for 1983.

Departmental Stores. It is taking a hard look at Wades—three stores have already been closed. Mr Stockdale says he has no more and is likely to go this year. It plans a "new approach" to its position at the end of the year.



Mr Noel Stockdale stepping up the dividend

Cadbury's ADR share issue likely next month

Cadbury Schweppes, the chocolate and soft drinks group, anticipates a mid-September date for its previously postponed share offering in the U.S.

Memory placing is unlikely following revision of profits

A PLANNED SHARE placing in London by Memory Computer, the Irish-owned electronics firm, is likely to be postponed indefinitely following a sharp revision of its results for 1983-84.

HIGHLIGHTS

The Lex column looks first at the strong earnings performance of ASDA and reviews the group's plans for the current financial year which are underpinned by a rapid store expansion programme.

Framlington expands in software

Framlington Group, a leading investment management group, is expanding its operations into the computer software market. The new subsidiary Unit Trust Software, 51 per cent owned by Framlington and 49 per cent by Simplex, will market software for unit trust management companies.

Garfunkels forecasts another record year

SINCE COMING to the UK in 1982, Garfunkels Restaurants has increased taxable profits at each interim stage, and the trend is continued with the announcement of a more than doubled surplus for the 26-week period to July 1 1984.

Ocean Wilsons

The annual meeting of Ocean Wilsons (Holdings) has been reconvened for October 11 and the 2.5p final dividend will be paid then.

Dufay Bitumastic up to £317,000 midterm

A SATISFACTORY outcome to 1984 is looked for by the Dufay Bitumastic group of surface coating producers, as profit before tax for the first half has advanced from £225,000 to £317,000.

Moorgate Mercantile

Taxable profits at Moorgate Mercantile Holdings rose by £133,000 to reach £550,000 in the year to March 31 1984.

Target Currency

Target Managed Currency Fund says its interim dividend payment due August 31 to holders of participating shares has been delayed until further notice.

Taylor Woodrow continues growth with £13m so far

Taylor Woodrow, an international builder and civil engineering contractor, continued its profit growth in the first six months of 1984 with a £1.4m advance to £13.1m at the taxable level.

COMPANY NEWS IN BRIEF

The interest rate for this week's local authority bonds is 10 1/2 per cent, up three sixteenths of a percentage point from last week, and compares with 10 1/2 per cent a year ago.

Hongkong Bank logo and name. The Hongkong and Shanghai Banking Corporation. Incorporated in Hong Kong with limited liability.

1984 Interim Results

The Directors announce that the unaudited profit of The Hongkong Bank Group for the six months ended 30 June 1984 was HK\$1,017 million (1983: HK\$964 million), an increase of 5.5%. The profit was arrived at after providing for taxation and after making transfers to inner reserves.

The Directors have declared an interim dividend of HK \$0.15 per share (1983: HK \$0.144 adjusted). The dividend will be payable on 5 October 1984 to shareholders whose names are on the Register of Shareholders on 21 September 1984 and will amount to HK \$429 million (1983: HK \$412 million).

Table with 4 columns: Six months to 30 June 1983, Six months to 30 June 1984, Attributable profit, and Earnings per share. Rows include HK\$964 million, HK\$0.34, HK\$412 million, HK\$0.144, and 31 December 1983 (audited) figures.

Prospects for the rest of 1984. The strong economic recovery underway in the United States has to a lesser extent been mirrored in a number of other major industrialised nations. In contrast many of the less developed countries continue to be beset by balance of payment and debt servicing problems.

Closing of Register of Shareholders. The Register of Shareholders will be closed from 10 September until 21 September 1984 (both dates inclusive). In order to qualify for the interim dividend, all transfers (accompanied by the relevant share certificates) must be lodged with the Registrars not later than 4.00 p.m. on 7 September 1984.

By Order of the Board. F R Frame Secretary. Hong Kong, 28 August 1984.

Table titled 'DIVIDENDS ANNOUNCED' with columns for Company, Current dividend, Date of payment, and Total dividend. Includes American Trust, Associated Dairies, Dufay Bitumastic, Edinburgh Fund, First Scot. Amer. Int., Garfunkels, Heilmann, and Taylor Woodrow.

Advertisement for THE BRISTOL WATERWORKS COMPANY. Placing of £5,000,000 11 1/4 per cent Redeemable Debenture Stock, 2004 at 99 per cent. Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

Advertisement for REED STENHOUSE COMPANIES LIMITED. DIVIDEND NUMBER 62. Notice is hereby given that a dividend of 15 cents Canadian per share has been declared on the outstanding class A and class C common shares of the Corporation for the quarter ended June 30, 1984.

Table titled 'Granville & Co. Limited' showing Over-the-Counter Market. Columns include 1983-84, Company, Price Change, Gross Yield, and P/E. Lists various stocks like 142 120, 152 117, 78 55, etc.

Advertisement for Let us light your future. Concord Lighting is Britain's leading manufacturer of commercial and institutional lighting and lighting control systems. Includes contact information for Rotaflex PLC.

CONTRACTS

Over £6m for Galliford

The GALLIFORD GROUP has received orders for over £6.6m worth of work. Wincott Galliford, Wolvey, has landed 17 contracts, the largest being for Farm Road, Coventry; the work involves flats and warden's accommodation. On the private side, it has contracts from Rollax for refurbishment and alterations at the Banbury works worth £200,000; GEC Tele Communications, Coventry, for external works (£200,000), and jobs for other companies including AE Developments and Rugby Portland Cement. Galliford and Sons has the contract for the M8 motorway repairs adjacent to Corley Services Station. This work, worth over £1.5m, will be carried out for Warwickshire County Council as agents for the Department of Transport. Work includes removing 20,000 cu metres of existing carriageway and reconstructing, using more than 65,000 tonnes of stone and brick to top existing building materials. Stamford Construction is undertaking works for the Anglian Water Authority, funding for water main renewals in 1984, involving 50,000 metres of cement mortar and epoxy resin lining techniques developed by the company, which is also constructing a channel and culvert at Fleeton Spring, improvements to a value of £400,000, for the same authority. AFW Construction has won £326,000 worth of various construction in Nunston, Kidlington, Warwick, Worcester and Banbury; as well as for General Foods at Banbury and MSP in Worcester.

THORNTON-ASTOR, Peterborough, has won a contract to replace all existing windows at 22 Epsom Road, Hemel Hempstead, worth over £500,000. It is expected that the project for the replacement of 1,400 windows will take up to two years to complete.

Marconi Space Systems has awarded ROSSER & RUSSELL (a member of the Grand Metropolitan Group) a £2.5m building services engineering order for work at the Portsmouth contract for completion in December 1983.

NORWEST HOLST MINING has been awarded a £3.7m contract by Irvine Development Corporation to carry out an open cast mining and land reclamation project, 120,000 tonnes of coal will be mined from Southie opencast coal site and delivered to the National Coal Board and the land will afterwards be reclaimed to predetermined contours to suit future use. This contract is unusual in that it is awarded by Irvine Development Corporation and not the NCB. Work is due to start on September 17 and be completed in 28 weeks.

WILTSHIRE SCOTLAND has awarded tenders for general repairs and adaptations to provide accommodation for the Department of Computing Science in the University of Glasgow. Work, which has started, will cost £27,512, is at 13 Lilybank Gardens, Glasgow, for completion at the end of November.

EDMUND TUTTALL has been awarded the next stage of the Eastern Dock freight compound extension by Dover Harbour Board with a £1.5m paving contract. As its retaining wall contract nears completion Tuttall is preparing to start work on the concrete block paving of 4.22 hectares of reclamation and the installation of associated services. Work is due to start on September 17 and be completed in 28 weeks.

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UK COMPANY NEWS

BIDS AND DEALS

New political and war risk insurer

THREE MAJOR international insurance groups, the U.S. Centennial Corporation, the Swedish Skandia International Insurance Corporation and the Japanese Yasuda Fire and Marine Insurance Company, are lined up to launch a new UK based insurance operation, PanFinancial, specialising in political, war and credit risk insurance on a worldwide basis.

PanFinancial will have an initial capitalisation of £5m held equally by the three groups. It will commence operations with a portfolio of excess credit insurance purchased from British National Insurance Company, which will continue to be a major participant as a reinsurer.

The company expects to be fully operational by January 1985. Mr Alastair Malcolm will be the managing director and Mr Martin Roberts its chief underwriter. Both hold senior management positions with British National. Sven Grise, chairman of Skandia U.K. Insurance is chairman of PanFinancial.

This is still a comparatively new insurance field for the major groups to operate. Until recently, political and war risks were covered either by Government agencies, the Export Credit and Guarantee Department in the UK, or by Lloyd's, while credit risk insurance is offered by a relatively few number of specialised insurance companies.

However, Government activities in this field which were rarely directed on a commercial basis have been running into increasing financial problems in recent years. The mounting

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not given as to whether the proposed dividends are interim or final and the subdivisions shown below are based mainly on last year's accounts.

TODAY
Interim: AMEC, Anglo American Industrial, Babcock International, J. Dewhurst, Tetra Pak, Tetra Pak Estates, A. G. Stanley, Weir Group, Williams Holdings.
Final: Compco.

FUTURE DATES
Interim: Anglo American Gold Inv ... Sept 6
Bank of Scotland ... Sept 25

losses of ECGD have recently been given a lot of attention. But Government in general have been cutting back on political risk coverage as funds get depleted.

There has come at a time when the demand for political and war risk insurance by the major multinational industrial companies has been growing.

Government involvement in this field of insurance has tended to be on an individual project basis primarily as a backing to boost exports or overseas development. Multinational companies now seek this type of insurance as an integral part of their overall and ongoing insurance needs.

The three companies participating in this new venture claim that the insurance market has not kept abreast of client needs in these fields and that the London insurance market, including Lloyd's, has shown a singularly restrictive attitude to these new demands.

The intention of the new company is to develop insurance products and ideas that will meet these new requirements. The intention is for PanFinancial to expand slowly under conditions of tight control, since these areas are "high risk" insurance fields, worth much of the business coming initially from client companies of the three participants, the rest coming through insurance brokers.

The participants are seeking a fourth partner in the venture of a comparable size—possibly a UK based insurance company or another EEC country. Even so the combined assets of the three groups is in excess of £23bn.

Installatiebouw, a privately-owned Dutch construction group, has bought a 29.9 per cent stake in Epicure Holdings, the construction services, hotels and property group, from Epicure chairman Mr Reg Brealey.

The Dutch group has said it does not at present intend to acquire any further shares but will be providing additional finance to Epicure to allow it to carry out projects in the UK.

Installatiebouw will provide finance to allow Epicure to go ahead with a 150-bedroom hotel development at Newark, Nottinghamshire, Mr Brealey said yesterday.

"They also have other items in the pipeline to put our way," he added. "This will allow us to carry out more in-house projects whereby we find a site, get planning permission and raise the finance rather than commit ourselves in advance to management contracts."

Mr Brealey said the two companies had been talking for "quite some time" though they had never worked together on construction projects before. The link-up will open the UK construction market to the Dutch group.

Installatiebouw bought 7.47m shares at a premium to the Friday closing price of 33p. At that price the shares were worth a total of £2.47m. They eased off yesterday to 32p.

Mr Brealey continues to hold 22.1 per cent of Epicure. Installatiebouw is to nominate two directors to the Epicure board taking total board strength to five.

Epicure was a restaurant and hotels chain in the early 1970s but was turned into a largely building services and construction group by Mr Brealey who gained control in 1975.

Higher interest charges pushed Epicure's pre-tax profits lower to £552,000 in the six months ended December 1983 from £703,000 in the comparable period. Turnover rose by nearly 40 per cent to £9.6m.

Derek Bryant Group, a specialist Lloyd's insurance broking group quoted on the United Securities Market, has detailed a proposed takeover of the shares in Malayian Cables.

The circular describes the group's acquisition of 90 per cent of L. R. Stock, a London-based reinsurer.

Bryant's proposed new Article 17 of the Association provides procedure under which a shareholder can be disenfranchised if that party holds, or acquires, a material interest in the company and is not approved—or the directors have reasonable grounds for assuming would not be approved—by the committee of Lloyd's insurance brokers.

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The purchaser is Sapera Holdings, a major Malay contractor with the telecommunications department. It is paying 2.75 ringgit for each of the 8.1m shares in Malayian Cables held by BICC.

In January this year, BICC entered into a deal with Heang Leeang Industries Berhad to sell 52.7 per cent of Malayian Cables at 2.3 ringgit per share. After this 5 per cent each was to go to two other Indian firms.

Mr Sapera, chairman of Sapera Holdings, said the deal was a fair one and it did not believe it was in the interests of its own shareholders.

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MINING NEWS

Uranium profit supports EZ

THE CONTINUED fall in prices for copper and gold and a series of industrial disputes combined to bring about a sharp reduction in the profitability of EZ industries, the diversified Australian mining group, in the year to June 30.

These adverse factors more than offset the beneficial impact on the group's results of the improvement in zinc and lead prices and EZ would have been forced to report a loss for the period but for its 31 per cent interest in Energy Resources of Australia (ERA), which operates the big and profitable Ranger uranium mine in Australia's Northern Territory.

The contribution from this source enabled EZ to report net profits of A\$16.6m (£10.8m), down 43 per cent on the previous year's A\$29

UK COMPANY NEWS

Argyll outlines expansion strategy

Argyll Group is aiming to develop a broadly based and increasingly international food and drink concern, building on its growing distribution operation, says Mr James Gulliver, the chairman, in his annual statement.

In addition to outlining future objectives, Mr Gulliver tells shareholders that Argyll should show further substantial progress when it reports on the current half year in the end of September.

Within the food division sound progress is being made in bringing Presto's "Foods" net margins into line with the best in the industry.

Presto, the large stores operation, has extended its market penetration with turnover and profit growth in the South, outside its traditional Scottish and North Eastern regions.

Over the past three years, Presto's operating profits have grown by 201 per cent from £4.5m to £14.9m and its turnover by 34 per cent from £454m to £699m.

Operating margins have improved from 1 per cent to 2.4 per cent, and with turnover for the current year projected to be in excess of £700m and planned sales area at more than 2.3m sq ft at the year end, the chairman says that Argyll is committed to expand and strengthen Presto's position as a leading national chain.

Two years ago, Presto's opening programme was geared to less than 10 stores a year. It is

now aimed at 20 new stores, and with 13 stores already committed for the next fiscal year, I expect that we shall be close to this target.

"In the meantime, we have been fortunate to supplement our existing store development programme by the purchase of six Mainstop stores and more recently six Keymarket stores."

"All of these stores now operate under the Presto fascia and we are pleased with the contribution to sales and profit which they are making," says Mr Gulliver.

He stresses that Argyll is not less committed to the development of other food activities which comprise predominantly the smaller retail grocery stores. These number 900 in total with a total sales area of 2.4m sq ft.

"We believe in the long term trading opportunities afforded by the well located convenience or limited range discount store and these with confidence the prospect for their continued profit growth, associated with an attractive investment return," says Mr Gulliver.

The reduction in sales area which has characterised the Liptons division is now being reversed. Seven new openings, totalling 54,000 sq ft of sales area, are planned and it is anticipated for the first time in many years that this operation will end the current year with a larger sales area than it started with.

Furthermore, Mr Gulliver says



Mr James Gulliver, chairman of Argyll Group

a significant proportion of planned capital expenditure is now committed to new openings and refits for the smaller stores.

In addition to the organic growth of retail operations through new store programmes, Argyll continues to regard the acquisition of complementary retail chains as attractive.

The proposed £25m purchase of Amos-Hinton, a supermarket concern based in the North East, is, the chairman, states, in line with this policy.

Hinton operates 54 grocery supermarkets and 30 off-licences in Tees-side and North Yorkshire

with an annual turnover last year of £125m.

Opportunities for similar acquisitions will, however, become more difficult Mr Gulliver says due to the growing concentration of the UK food retail industry.

He goes on to say that there is considerable merit in contemplating the acquisition of a small U.S. food retail chain.

"This would give us full access to North American retail practices and technology and, we believe, provide us with major operating benefits," he says but states that any move in this direction is not, however, planned in the short term.

The drink division, Amalgamated Distilled Products, which contributed 27 per cent of the group's £44.7m operating profit last year is of long-term strategic importance.

"It provides us with a major diversification opportunity in a product area wholly allied with food," Mr Gulliver says and points out that it also gives Argyll its first U.S. investment.

The UK retail distribution base extends to more than 1,000 off-licences through food retail stores and Liquorware outlets within the North West Vintners business.

In addition, in the U.S., Barton Brands has wholesale outlets in virtually all States of the Union. Argyll is also increasing its representation elsewhere in world markets.

Sangers loss at £308,000: looking for acquisitions

LOSSES FOR the year ended February 29 1984 at Sangers have been cut from £443,000 to £308,000. And examining a number of possible acquisitions as a means of expansion for the future.

One such possibility is the purchase of a very successful private company based in the U.S. which is involved in the manufacture and marketing of a budget price product. This would re-establish Sangers in a business related to its traditional activities and on a scale which is substantially relative to the size of the company.

The American company has achieved exceptional profit growth to date and the Sangers board believes it is continuing to grow. Detailed negotiations for the acquisition are continuing.

Sangers group turnover for 1983-84 came out at £29.9m (£41.17m), from which was derived a gross profit of £3.9m (£4.44m). After operating expenses £3.2m (£4.26m) and interest £75,000 (£172,000) there was a pre-tax loss of £279,000.

Sangers Photographics, which was introduced to the USM earlier this year, leaving the parent with some 75 per cent of the equity, as expected made a profit of £596,000, and current trading indicates further improvement in the latter USM subsidiary. Staneco, which makes industrial high frequency thermal processing equipment, recorded a small profit despite difficult conditions.

Following losses of £385,000 within the Solidyne Group, a rationalisation plan was effected which included a sale and lease-back of the company's main manufacturing facility at Bay Shore, New York, and it has now returned to profitability.

There was a tax credit of £85,000 (charge £2,000), extraordinary debit £81,000 (£447,000), and minorities £33,000 (credit £15,000). Loss per share works out at 1.4p (0.1p).

Heelamat upturn continues with 25% profit increase

CONTINUING THE upturn noted at midway, Heelamat Holdings has turned in profits before tax up by 25 per cent from £401,000 to £503,000 in the year to April 28, 1984.

The improvement for this operator of heel bars, which has had a USM quotation since 1980, came from turnover which rose by only 9.4 per cent from £5.27m to £5.77m.

The directors state that during the first quarter of the current financial year a pilot scheme involving higher margin merchandise has been introduced into a small number of locations.

Indications are encouraging and if the evidence continues to build it would be the company's intention to extend the scheme to many more branches.

Last year, Mr Mike Strom, the chairman, reported on the progress the group had made towards streamlining the merchandise control procedures, including the expansion of the central warehouse. This has now been completed and much of the increased sales in certain product lines has been as a direct result of the improved replenishment. However, the benefit only applied in the latter stages of the year and the full effect is yet to be realised, he states.

The company's short term performance has been affected by the exceptional dry spell during the summer. However, having regard to the developments, it views the future with confidence.

The final dividend is un-

changed at 3.6p to hold the total for the year at 5.6p net per 10p share.

The tax charge for the year was substantially higher at £234,000 against £122,000, and there was an extraordinary debit of £415,000 (nil) this time to provide for deferred tax.

An attributable deficit of £146,000 (profit £278,000) was transformed into a surplus of £232,000 (£752,000) with the addition of last year's retained profits at £578,000 (£474,000).

Dividends took an unchanged £174,000 and left the group's retained £320,000 down at £258,000.

Earnings per share before the extraordinary items are given as 8.7p (9p) undiluted and 4.8p (5p) fully diluted.

Benford midway profit halved

A FALL in pre-tax profits from £1.13m to £803,000 has been shown by Benford Concrete Machinery for the first half of 1984. The directors say that group results for 1984 are not expected to equal those of 1983, when pre-tax profits fell from £2.2m to £1.78m.

The net interim dividend is held at 1p in the last full year a final of 2.75p was also paid. Half-time earnings per 10p share were shown as slipping from 2.77p to 1.44p.

The directors say that prospects for 1985 show an improvement in profit levels in view of measures taken and providing there is no further reduction in demand for construction equipment, especially from the main export market.

Commenting on the period under review, the directors say that results relate mainly to Benford where turnover was similar to the corresponding period but where profit margins were halved.

Group turnover amounted to £10.24m (£10.38m).

Benford recently secured an overseas government contract in the face of fierce competition from the Far East which, despite low margins, will make some contribution to the second half and by turning stock into cash will improve the revenue from interest receivable.

Tax for the first half amounted to £260,000 (£210,000) and minorities came to £18,000 this time.

American Trust improves in opening half

A more favourable exchange rate, above average liquidity and a "significant" increase in the earnings of the Edinburgh Fund Managers enabled American Trust to lift its earnings per 25p share to 1.94p for the six months to July 31 1984.

This was an improvement of 0.48p over the figure for corresponding period of the previous year but the directors say the factors are not expected to recur in the second half. The net interim dividend, however, is being stepped up from 1p to 1.6p.

Net asset value per share rose by 2.6p to 127.9p. Profits for the six months advanced to £3.7m (£2.5m) before deducting tax of £1.5m (£1.05m).

Attributable profits of Edinburgh Fund Managers, which is 53.8 per cent-owned by American Trust, rose from £450,000 to £822,000 for the same six-month period after deducting tax of £573,000, against £440,000.

Earnings per 5p share improved by 2.48p to 5.48p and the net interim dividend is being lifted from 0.6p to 1p. The directors intend to recommend a final payment of 2p—the company's shares are traded on the USM.

Technology for Business outlook

ANNOUNCING interim taxable profits of £104,533 Mr Paul Bion, the chairman of Technology for Business, believes that, while the markets in which the company trades are competitive, the current level of activity justifies the view that profits in the second half of the year should be better.

The group, which markets and services small business computers, was incorporated in May last year and came to the market the following July. There was therefore no comparative six-month period, but in the year

to end December 1983 pre-tax profits were £312,000, some £42,000 above the USM prospectus forecast.

Turnover for the period under review (to June 30) reached £1.65m, from which operating profit emerged at £108,312.

Tax took £1,580 to leave net profits at £102,773. After minorities the amount attributable was £102,738. The company made a single dividend payment of 4.2p net per 10p share, as forecast, in May this year. Earnings per share are shown at 3.4p for the six months.

The chairman adds that sales in each of the company's business areas were broadly in line with expectations save for the distribution of peripherals which were lower than anticipated.

Operating costs for the period included a significant proportion of the cost of the development of the conveyancing management package for the legal profession. The benefits of this investment should be reflected in sales later this year and in future years.

M. Clark to emphasise marketing

IN HIS annual statement to shareholders Mr F. W. Clark, the chairman of Matthew Clark & Sons (Holdings), reveals that the group increased its expenditure on marketing activities by nearly £1m in the year to end April 1984 and predicts that the current year will see a further increase.

The group reported a 21 per cent rise in taxable profit over the year to reach a record £1.26m, and the chairman adds that he believes that there will be further "solid progress" in 1984/85.

Matthew Clark is a wine and spirit merchant which also has interests in insurance broking and haulage.

Mr Gordon Clark comments that the group's growth last year was achieved through the organic development of all parts of the business, providing "further evidence of the leading position which we have established in the market for the products in our portfolio."

Despite the rise in marketing expenditure, the company has

improved the position with regard to its liquid resources. These were in credit at the year end with net liquid funds standing at £2.68m against a previous deficit of £433,000.

The group was also a net receiver of interest throughout the year, and the chairman considers this to be "a genuinely significant change" in the company's circumstances which stems from higher profitability and better cash management.

American Oil Field

At the annual meeting of American Oil Field Systems, the chairman told shareholders that the company had been unable to implement the expansion plans envisaged at the time of the 1982 report.

Income last year showed a "modest rise" from £1.9m for the previous 15-month period to £1.95m, but this level was still "significantly less than expected."

The full benefit of cuts made in the third quarter last year should be seen in the level of administration costs for the current year.

The directors decided earlier this year to arrange for the sale of certain wells in order to reduce further the company's indebtedness. The sale might take some time, and an alternative strategy was a merger with another company.

Discussions had taken place which may lead to an offer but it should not be assumed this would be in excess of the current share price.

Expansion for First Scottish American

Growth of 33 per cent in the net revenue attributable to shareholders of First Scottish American for the first half of 1984 was achieved in the six months ended July 31 1984. After all charges and tax, it is up from £796,000 to £1,060,000.

The interim dividend is raised to 2p net, against 1.4p, and the directors expect to recommend a final of 15p. Loss per share works out at 1.4p (0.1p).

At the end of the period the net asset value per share had fallen back to 268.7p xd when compared with the 277.2p at January 31 1984. At the end of the 1983 first half it stood at 284.3p.

The growth in net revenue was achieved in spite of higher administration expenses, including some exceptional charges, and more for tax—corporation £261,372 (£107,800) and imputation £221,254 (£296,700). Total revenue improved by 10 per cent, helped by good dividend increases worldwide, the strength of overseas currencies, and interest on higher liquidity, and a substantial cut in currency loan interest following repayment on January 31 of US\$15m.

Liquidity was increased to some 10 per cent of net assets. Earnings for the period are shown at 3.3p (2.47p). In the year 1983-84 net tax revenue came to £1.62m.

Bristol Water

Seymour, Pierce and Co and Hoare Govett have completed the placing of £5m Bristol Waterworks Company 7 1/2 per cent redeemable preference stock 2004 at £99 per cent. Dealings will commence on August 31, 1984.

ROWLAND GAUNT PLC
(Incorporated in England under the Companies Act 1980 No. 326252)

| | | | | |
|--------------------|------------------------|--|-------------------------------|-----------------------------------|
| Present Authorised | Prospective Authorised | Ordinary Shares and Fully Paid of 25p each | Present Issued and Fully Paid | Prospective Issued and Fully Paid |
| £75,000 | £850,000 | | £75,000 | £711,000 |

In connection with the proposed acquisition by Rowland Gaunt PLC ("The Company") of the whole of the issued share capital of Beau Brummel Limited and Wisehouse Limited and the proposed rights issue of 4 new Ordinary Shares for every 5 shares held in the share capital of the Company as at 1st August 1984, Laurie, Milbank & Co. will be placing 906,800 new Ordinary Shares in the Company, being part of the consideration shares received by certain of the vendors of Beau Brummel Limited and Wisehouse Limited. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the existing 300,000 Ordinary Shares of 25p each of the Company, 1,280,000 new Ordinary Shares of 25p each to be issued as consideration to the vendors of Beau Brummel Limited and Wisehouse Limited, and 1,284,000 new nil paid Ordinary Shares of 25p each to be issued by way of rights.

A proportion of the shares being placed is available to the public through the market. It is emphasised that no application has been made for any of the above mentioned shares either issued or proposed to be issued to be admitted to listing. Dealings in the existing Ordinary Shares, the proposed new fully paid Ordinary Shares and the nil paid Ordinary Shares are expected to commence on Monday 3rd September 1984.

Particulars relating to Rowland Gaunt PLC are available in the E-tel Unlisted Securities Market Service and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays excepted) until 17th September 1984, from:

LAURIE, MILBANK & CO., Portland House, 72/73 Basinghall Street, London, EC2V 5DP
29th August, 1984

Norton Opax plc
Significant increase in profits

Highlights from Mr David Rocklin's Annual Statement

- * Group trading profit before interest and extraordinary items increased by almost 50% and turnover was up 66%. This significant increase has been achieved by both improved results from existing companies and the additional contributions from recent acquisitions.
- * During the year the Group continued to be in the forefront of laser print technology, with particular advances in the fields of data collection and the printing of cheque books.
- * The Board proposed a one-for-three Rights Issue at 90p per new share—this additional capital will be used to finance the Group's 1984-85 investment programme. The closing date for applications is Tuesday, 4th September, 1984.
- * The Group now consists of 23 trading companies which provide a strong basis for profitable expansion. Unaudited management accounts show a healthy increase in sales in the first quarter of 1984-85, matched by a significant improvement in overall margins.

| | 1984 £'000 | 1983 £'000 |
|---------------------------|---------------|---------------|
| Turnover | 17,627 | 10,600 |
| Trading Profit | 1,633 | 1,099 |
| Interest Paid (net) | 331 | 85 |
| Profit before taxation | 1,302 | 1,014 |
| Dividends per share (net) | 3.00p | 2.16p |

Copies of the Annual Report, containing the Chairman's Statement in full, are obtainable from The Secretary, Norton Opax plc, 11 Ripon Road, Harrogate HG1 2JA.

Financial Times Conference Organisation

Financial Times conferences have been organised all over the world on a wide range of subjects. They are always topical and are often used as vehicles for governmental policy statements.

For details of forthcoming conferences please contact:

Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX.
Tel.: 01-621-1355. Telex: 27347 FT CONFG.

Financial Times conferences have a high reputation throughout the business world as an opportunity to exchange ideas and keep up with the latest developments in all areas of activity.

Could this be YOU in a few years' time?
— remembering when milk was 10p a pint.

Never thinking that one day buying another pint of milk would be a decision calling for a second thought. These are the needy whose provision for their twilight years was fixed at a time when index linked pensions had yet to be invented and inflation was never envisaged.

The DGAA is not State aided so please help us to help more needy people to stay in their own homes in their declining years. And when they can no longer manage at home, help us to maintain our Residential and Nursing Homes so that we can continue to provide friendly accommodation to meet their needs.

A donation, covenanted subscription or legacy would do so much for those unable through age or infirmity to help themselves... people like you.

THE DISTRESSED GENTLEFOLK'S AID ASSOCIATION
Founded 1897, Patron H.M. Queen Elizabeth, the Queen Mother
Dept 7, Vicarage Close, Harrogate, Gts, Leicestershire LA20 4AQ. Tel: 01-229 9341.
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This announcement appears as a matter of record only.

DAI-ICHI KANGYO BANK NEDERLAND N.V.
(Amsterdam, the Netherlands)

Dfls 50,000,000

8 1/2% bearer Notes 1984 due August 15, 1989

Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope NV
Dai-ichi Kangyo Bank Nederland N.V.

Algemene Bank Nederland N.V.
Swiss Bank Corporation International Limited

Pierson, Heidring & Pierson N.V.

August, 1984

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, August 28

Handwritten note: ھوزا صحت ائھل

Main table of American stock exchange closing prices, organized in columns by stock symbol and price. Includes various companies like ADI, ALB, AMT, etc.

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and price. Includes various companies like AIG, AIGP, AIGS, etc.

Continued from Page 18

Notes and footnotes regarding stock prices, dividends, and other financial details.

Advertisement for Financial Times Europe's Business Newspaper, Paris, with contact information and a logo.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, and Hong Kong. Columns include stock names, prices, and changes.

Table of Canadian stock markets including Toronto. Columns include stock names, prices, and changes.

Table of American stock exchange closing prices. Columns include stock names, prices, and changes.

OVER-THE-COUNTER

Table of over-the-counter market closing prices. Columns include stock names, prices, and changes.

LONDON

Table of London market closing prices. Columns include stock names, prices, and changes.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Slightly nervous awaiting clearer picture to emerge from confused dock situation

EQUITIES

Table of recent issues with columns for issue name, price, and other financial details.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for issue name, price, and other financial details.

"RIGHTS" OFFERS

Table of rights offers with columns for issue name, price, and other financial details.

RISES AND FALLS

Table showing rises and falls in various stock categories like British Funds, Foreign Bonds, etc.

OPTIONS

Table of options with columns for first deal, last deal, and other option details.

LONDON TRADED OPTIONS

Table of London traded options with columns for option name, price, and other details.

FINANCIAL TIMES STOCK INDICES

Table of financial times stock indices showing values for various categories like Government Secs, Fixed Interest, etc.

HIGHS AND LOWS

Table showing high and low values for various stock categories.

S.E. ACTIVITY

Table showing S.E. activity for various stock categories.

will announce bumper interim results early next month and that August car sales were booming...

Business in Properties was down to a trickle and it was left to secondary issues to provide the occasional noteworthy movement...

Oil's subdued Leading Oils were quietly dull for most of the day, but occasional support in the after-hours trade left the majority of issues...

Quiet Mines Interest in mining markets remained at minimal levels following yet another lacklustre performance...

NEW HIGHS AND LOWS FOR 1984 NEW HIGHS (49) AMERICANS (11) AMERICAN NAT. RESOURCES (1)...

Glaxo down Leading Miscellaneous Industrials often went lower in the prevailing uncertain conditions...

Other dull spots included Atlantic Computer, 5 lower 27 1/2, and Cray Electronics, a like amount down at 17 1/2...

Secondary Stores showed occasional small improvements after a slow start. Asprey were marked up 10 to 75p in recognition of a re-organisation...

Account Dealing Dates

*First Dealing Last Account July 30 Aug 9 Aug 16 Aug 20 Aug 23 Aug 30 Aug 31 Sept 10 Sept 13 Sept 14 Sept 24

Some dockers at ports up and down the country yesterday proved in favour of a strike, but others decided to defy union instructions and keep working...

Foreign exchange dealers, however, were impressed by the stability in the face of the dock news. The pound actually improved against the dollar and this imparted some comfort to stock markets...

Leading industrial shares began steadily, although one or two stocks favoured by American investors gave ground in the wake of Wall Street overnight...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for equity groups and sub-sections, and their performance over time.

FIXED INTEREST

Table of fixed interest rates and yields for various terms and maturities.

BRITISH GOVERNMENT INDEX-LINKED STOCKS

Table of British government index-linked stocks with columns for stock name and price.

*Yield fixed. Highs and lows record, base dates, values and consistent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4A 3DF, price 15p, by post 20p.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

LEISURE—Continued

Table of leisure-related stocks including British Airways, British Telecom, and British Gas, with columns for stock price, price change, and volume.

PROPERTY—Continued

Table of property-related stocks including British Land, Granada, and Granada Television, with columns for stock price, price change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including British American Investment Trust, British Overseas Investment Trust, and British Venture Investment Trust, with columns for stock price, price change, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

MINES—Continued

Table of mining stocks including Anglo American, Anglo Coal, and Anglo Iron, with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including Rover, Leyland, and Leyland Trucks, with columns for stock price, price change, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including Leyland Trucks, Leyland Motors, and Leyland Components, with columns for stock price, price change, and volume.

SHIPPING

Table of shipping stocks including British Overseas Airways, British Airways, and British Airports Authority, with columns for stock price, price change, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including British Leather, British Shoes, and British Leather Goods, with columns for stock price, price change, and volume.

SOUTH AFRICANS

Table of South African stocks including Anglo American, Anglo Coal, and Anglo Iron, with columns for stock price, price change, and volume.

TEXTILES

Table of textile stocks including British Textiles, British Cotton, and British Wool, with columns for stock price, price change, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including News International, Newsprint, and Newsprint Holdings, with columns for stock price, price change, and volume.

PAPER, PRINTING

Table of paper and printing stocks including Newsprint, Newsprint Holdings, and Newsprint International, with columns for stock price, price change, and volume.

TOBACCO

Table of tobacco stocks including British American Tobacco, British American Tobacco (USA), and British American Tobacco (Canada), with columns for stock price, price change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including British American Investment Trust, British Overseas Investment Trust, and British Venture Investment Trust, with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including British Land, Granada, and Granada Television, with columns for stock price, price change, and volume.

INSURANCES

Table of insurance stocks including British American Insurance, British American Insurance (USA), and British American Insurance (Canada), with columns for stock price, price change, and volume.

LEISURE

Table of leisure stocks including British Airways, British Telecom, and British Gas, with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including British Land, Granada, and Granada Television, with columns for stock price, price change, and volume.

INVESTMENT TRUSTS

Table of investment trusts including British American Investment Trust, British Overseas Investment Trust, and British Venture Investment Trust, with columns for stock price, price change, and volume.

OIL AND GAS

Table of oil and gas stocks including British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

MINES

Table of mining stocks including Anglo American, Anglo Coal, and Anglo Iron, with columns for stock price, price change, and volume.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including Anglo American, Anglo Coal, and Anglo Iron, with columns for stock price, price change, and volume.

24
AUTHORISED
UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Alltech Home, Allied Unit Tr. Mgrs., and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts including British Group, British Shipley & Co., British Trust, and others, with columns for name, manager, and performance metrics.

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FT UNIT TRUST INFORMATION SERVICE

F.T. CROSSWORD
PUZZLE No. 5503
ACROSS
1 Rides like I left out at edge of road (8)
5 Sort of garment. Get involved dramatically (4-2)
9 Russian village headman - to Tsars, a result of change (5)
10 and 13 I can't tell you a mouth's too gummy! (2, 4, 3, 6)
12 Eastern powder returns in brilliant display (5)
13 See 10.
14 Terrified - has got in the wars (6)
16 Cocktail giving burning sensation (7)
17 Hasn't the power to be remarkable (7)
21 Dad's part giving word of honour (6)
23 Host to amuse? (9)
25 Soft around that's under the engine? (5)
26 Author to attempt certain lines (6)
27 Train, etc could make time between scenes (8)
28 One who has a bare existence (5)
DOWN
1 King on prancing horse is genuine (6)
2 Safety feature - bring lamp up (4, 5)
3 Colleague man, upper-class, taken by old tax (4)
4 Traced round with last of paint to diminish (7)
6 He provides for tots - a trifle above the drink store, we hear (3, 6)
7 Call in a friend for a bottle, of sorts (5)

Grid for crossword puzzle with numbers 1 through 29 indicating starting positions for clues.

8 Nasal drop? (4, 4)
11 Part of winter months at school (4)
15 Berg; rams one violently. Found floating on tropical sea (9)
17 Give advance notice to paper (9)
18 Tissue support below the leg (5)
20 Dash seen in sprint-race lane (4)
21 Confine one Church as self-punishment (7)
22 Playground on hill for school head (6)
24 Last trace of scent, on tobacco flower (5)

Solution to Puzzle No. 5502
ACROSS
10 ...
11 ...
12 ...
13 ...
14 ...
15 ...
16 ...
17 ...
18 ...
19 ...
20 ...
21 ...
22 ...
23 ...
24 ...
25 ...
26 ...
27 ...
28 ...
29 ...

Table listing various unit trusts including British Trust, British Shipley & Co., British Trust, and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts including British Trust, British Shipley & Co., British Trust, and others, with columns for name, manager, and performance metrics.

Handwritten signature or mark at the bottom of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Handwritten Arabic text at the top center of the page.

Table of financial data for various insurance and investment funds, including columns for fund names, values, and changes.

Table of financial data for various insurance and investment funds, including columns for fund names, values, and changes.

Table of financial data for various insurance and investment funds, including columns for fund names, values, and changes.

Table of financial data for various insurance and investment funds, including columns for fund names, values, and changes.

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Stocks fall boosts copper

By Our Commodities Editor

COPPER prices moved further ahead on the London Metal Exchange yesterday following another decline in warehouse stocks.

Although the downturn in LME warehouse holdings was lower than some traders forecast, the market was buoyed up by the firm trend in New York over the holiday weekend and continued speculative buying support.

Technical considerations are also keeping prices up, with standard candle methods maintaining their usual prime price over higher grade copper.

There remains a shortage of immediately available supplies of standard grade copper all

Second frost hits Brazilian coffee region

BY ANDREW WHITLEY IN SAN PAULO

THE SECOND frost in the early hours of yesterday morning, hit the coffee growing regions of Parana State, Brazil's second largest coffee producer. But accurate estimates of the damage suffered will not be available until the end of the week.

Parana was devastated over the weekend by a sudden cold snap which has wiped out up to half of this year's oats, rye and barley crops, as well as a substantial proportion of the state's wheat, and virtually all of its salad vegetables.

Preliminary estimates of the damage to next year's coffee crop are a loss of between 1.6m and 2.4m bags (60 kilos each) based on a judgment that about 20 per cent of the coffee trees were frost-bitten. The frost affected the important second flowering on the

trees responsible for up to 40 per cent of the crop.

Sr Nair Correa de Campos of the Parana Agriculture Secretariat said yesterday that the second frost had not been as severe as that which hit the region of Sunday morning. The southern part of the state had been most affected.

The unexpected cold spell coming right at the end of Brazil's winter has lasted now for about a week, covering the entire south and south-east of the country as far north as Rio with a mass of cold air.

Porto Alegre the capital of Rio Grande do Sul state in the far south, was shocked at the end of last week by its first snow for 75 years.

So far, Sao Paulo state the biggest coffee producing region in Brazil has not reported any frost damage, but the cold

weather is still continuing so the danger has not passed.

Meanwhile, the damage already inflicted on food and animal feed crops in Parana, the country's leading producer of most temperate climate crops, is likely to lead to a sharp increase in domestic food prices, already well above the official inflation figure.

Parana had been forecasting a wheat output this year of between 1m and 1.1m tonnes, but this has been cut by a third to between 700,000 and 760,000 tonnes because of the combined effects of drought in the north of the state and last weekend's frost.

As Brazil usually has a deficit of wheat, the difference will probably have to be made up through additional imports. Traditional suppliers are Canada, the U.S. and Argentina.

The Parana Agriculture Secretariat said yesterday that 50 per cent of the state's rye, 50 per cent of the barley and 35 per cent of the oats had been lost.

More critically for most ordinary Brazilians will be the estimated destruction of 70 per cent of this year's black beans crop, a basic staple from the state.

Richard Mooney writes: Coffee prices soared yesterday morning on the London futures market as traders rushed to open earlier short sales and cover new speculative long positions in response to the Brazilian frost news.

The market opened with the spot September position standing at \$2,550 a tonne, up \$176 from the pre-weekend close, but this levelling out for loss.

The initial rise was based on

Surprise surge on London cocoa market

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA prices soared on the London futures market yesterday, much to the amazement and consternation of traders. After fluctuating violently from a low of \$1,815 to a high of \$1,885, the December position ended at \$1,875 a tonne, \$76 up on Friday's close.

A sharp rise in values during the morning session was expected, since it followed the upward in the New York market over the holiday weekend when London was closed.

What surprised traders was the fact that the market, after drifting lower at the end of the morning, suddenly took off in the afternoon for no apparent reason.

Sustained, heavy buying came from one or two industrial trade sources pushing prices up by \$70 in the afternoon alone at one stage.

The shortage of immediately available supplies continues to boost the nearby delivery months, particularly the Sep-

tember position which is at a substantial premium. However, yesterday's upsurge brought greater increases in the December position and more distant months.

One explanation is increasing concern about the prospects for the forthcoming crops in West Africa and Brazil. So far the prices of the more distant delivery months have been held back by forecasts of bumper crops in the main producing areas that would bring a big rise in available supplies next year.

There are reports of smaller than average bean counts in West Africa and doubts as to whether the Brazilian main crop will be as big as expected. It is very early days yet to make any positive forecasts about the forthcoming crops which indicates the present nervous state of the market, heightened by the large speculative involvement.

STOCKS IN LONDON METAL EXCHANGE WAREHOUSES
(Changes in week ending Aug. 24)

| | | |
|-----------|----------|------------|
| Aluminium | +550 | 136.50 |
| Copper | -7,050 | 169,550 |
| Lead | +275 | 56,450 |
| Nickel | -395 | 26,250 |
| Zinc | +15 | 26,000 |
| Tin | -1,725 | 50,075 |
| Silver | +268,000 | 50,720,000 |

(Ounces)

though the cash price has moved back a slight discount compared with the three month quotation.

While copper prices were firmer, other base metals lost ground.

Lead was depressed by the rise in warehouse stocks and a report that the U.S. producer, St Joe, was considering resuming production at its Hercules smelter in Missouri.

The smelter halted operations on May 20, following a strike at the nearby mines that cut off its source of concentrate supplies. However, it is said to have accumulated concentrate stocks as a result of production by non-strike personnel at the strike bound mines.

EEC import price rise dismays dried fruit trade

BY A CORRESPONDENT

Next Saturday the British dried fruit trade will move a step further away from the free market as Brussels takes tighter control on pricing.

September 1 is the date when the EEC's minimum import price for sultanas will rise by 7.4 per cent to \$693 a tonne, forcing third country suppliers, notably Australia and Turkey, to lift their quotations accordingly. UK dried fruit imports are currently valued at about \$50m a year.

The MIP was adopted in October 1982, to enable Greece, at the end of its first full year of EEC membership, to unload a surplus of sultanas. Sales made at less than the minimum incur a levy of US\$150 (£114.50) a tonne.

Dried-fruit traders were dismayed when the MIP, which was supposed to have been permanent, began to look permanent last year with an increase of \$35 a tonne. They

are more irked than ever now that a rise of \$48 a tonne has been proposed.

An aspect of the adjustment that annoys Australia is that whereas the previous increase was accepted by the importers of sultanas in order to adapt to it, the latest one has "moved the goalpost" by being applied summarily, so that even fruit in ships on their way to Europe attract the full penalty from September 1.

Australia, which has had to raise the price of its Four-Crown Sultanas, which make up the bulk of its offering, to \$715 a tonne, is hit harder than other suppliers by the immediacy of the increase because it is six weeks from Europe by sea.

Although the MIP did not succeed in clearing the 1981 Greek surplus for which it was brought into being—about 70,000 tonnes of fruit—its thought to be still rotting in that country's warehouses—it is

now biting to the extent that all of Greece's last crop has been sold leaving no carryover.

This prompts the question of why, if the reason for the measure was to dispose of an excess, it is not suspended now that the surplus has been served. It is being assumed that the MIP has become established as a means of ensuring that Greece, the only significant EEC dried fruit producer, does not export quantities that can be considered exceptional, but routinely of all the fruit it cares to produce.

Such a prospect has, however, been recognised within Greece itself. Mr Costa Simiatis, the Agriculture Minister, recently warned growers that quantities were exorbitant and that neither Greek nor European taxpayers would be able to bear further burdens.

Australia, which boasts of the quality of its dried fruit, was heartened by the minister's

admission that British and German buyers had complained about the low quality of Greek sultana and currant processing.

Hitherto this season, while non-Greek fruit has been prevented, on pain of the \$150 levy, from being sold at least the \$645 a tonne, Greece has been offering sultanas at \$555. Maintaining the MIP even after Greek sales have been completed, will presumably mean that sultanas will still be cheap and offers consumers value for money.

There is a world surplus of dried fruit, last year's production of about 730,000 tonnes was well ahead of requirements, but the surplus is really one of grapes, and that is related to the European wine lake. Some of this, released on to the American market, has caused a diversion of grapes from wine raisins in California and aggravated the dried fruit problem.

PRICE CHANGES

| Commodity | Aug. 29 1984 | ± | Month ago |
|-----------|--------------|---|-----------|
| Aluminium | \$1,100 | | \$1,100 |
| Free Mkt. | \$1,100 | | \$1,100 |
| Copper | \$1,100 | | \$1,100 |
| Gold | \$1,100 | | \$1,100 |
| Lead | \$1,100 | | \$1,100 |
| Nickel | \$1,100 | | \$1,100 |
| Silver | \$1,100 | | \$1,100 |
| Tin | \$1,100 | | \$1,100 |
| Zinc | \$1,100 | | \$1,100 |

BRITISH COMMODITY PRICES

| Commodity | Aug. 29 1984 | ± | Month ago |
|-----------|--------------|---|-----------|
| Aluminium | \$1,100 | | \$1,100 |
| Copper | \$1,100 | | \$1,100 |
| Gold | \$1,100 | | \$1,100 |
| Lead | \$1,100 | | \$1,100 |
| Nickel | \$1,100 | | \$1,100 |
| Silver | \$1,100 | | \$1,100 |
| Tin | \$1,100 | | \$1,100 |
| Zinc | \$1,100 | | \$1,100 |

AMERICAN MARKETS

| Commodity | Aug. 29 1984 | ± | Month ago |
|-----------|--------------|---|-----------|
| Aluminium | \$1,100 | | \$1,100 |
| Copper | \$1,100 | | \$1,100 |
| Gold | \$1,100 | | \$1,100 |
| Lead | \$1,100 | | \$1,100 |
| Nickel | \$1,100 | | \$1,100 |
| Silver | \$1,100 | | \$1,100 |
| Tin | \$1,100 | | \$1,100 |
| Zinc | \$1,100 | | \$1,100 |

LONDON OIL

| Crude Oil | Aug. 29 1984 | ± | Month ago |
|-------------------|--------------|---|-----------|
| Arabian Light | \$28.00 | | \$28.15 |
| Dubai | \$27.50 | | \$27.50 |
| Arab Heavy | \$26.50 | | \$26.50 |
| North Sea Brent | \$26.40 | | \$26.40 |
| African/Bonny/Lib | \$25.50 | | \$25.50 |

GAS OIL FUTURES

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

SPOT PRICES

| Commodity | Aug. 29 1984 | ± | Month ago |
|-----------|--------------|---|-----------|
| Aluminium | \$1,100 | | \$1,100 |
| Copper | \$1,100 | | \$1,100 |
| Gold | \$1,100 | | \$1,100 |
| Lead | \$1,100 | | \$1,100 |
| Nickel | \$1,100 | | \$1,100 |
| Silver | \$1,100 | | \$1,100 |
| Tin | \$1,100 | | \$1,100 |
| Zinc | \$1,100 | | \$1,100 |

GOLD MARKETS

Gold rose \$1 in quiet London bullion trading yesterday, to close at \$350.15/16. It opened at \$347.3/4, compared with Monday's Hong Kong close of \$347.9/10 and was fixed at \$348.15 in the morning and \$349.75 in the afternoon. The metal touched a high of \$351.1/16, and a low of \$347.3/4.

In Paris the 12 1/2 kilo bar was fixed at FF 99,500 per kilo (\$348.58 per ounce) in the afternoon, compared with FF 99,500 (\$348.58) in the morning, and FF 99,500 (\$350.93) Monday afternoon.

In Frankfurt the 12 1/2 kilo bar was fixed at DM 32,400 per kilo (\$349.31 per ounce), against DM 32,495 (\$351.99), and closed at \$349.1/16.

LONDON FUTURES

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

ZINC

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

BASE METALS

| Commodity | Aug. 29 1984 | ± | Month ago |
|-----------|--------------|---|-----------|
| Aluminium | \$1,100 | | \$1,100 |
| Copper | \$1,100 | | \$1,100 |
| Gold | \$1,100 | | \$1,100 |
| Lead | \$1,100 | | \$1,100 |
| Nickel | \$1,100 | | \$1,100 |
| Silver | \$1,100 | | \$1,100 |
| Tin | \$1,100 | | \$1,100 |
| Zinc | \$1,100 | | \$1,100 |

NICKEL

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

PIGMEAT

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

COTTON

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

INDICES

| Index | Aug. 29 1984 | ± | Month ago |
|--------------|--------------|---|-----------|
| Aug. 29 1984 | 293.01 | | 293.01 |
| Sept. 1984 | 293.01 | | 293.01 |
| Oct. 1984 | 293.01 | | 293.01 |
| Nov. 1984 | 293.01 | | 293.01 |
| Dec. 1984 | 293.01 | | 293.01 |
| Jan. 1985 | 293.01 | | 293.01 |
| Feb. 1985 | 293.01 | | 293.01 |
| Mar. 1985 | 293.01 | | 293.01 |
| Apr. 1985 | 293.01 | | 293.01 |
| May 1985 | 293.01 | | 293.01 |
| June 1985 | 293.01 | | 293.01 |
| July 1985 | 293.01 | | 293.01 |
| Aug. 1985 | 293.01 | | 293.01 |

EUROPEAN MARKETS

| Commodity | Aug. 29 1984 | ± | Month ago |
|-----------|--------------|---|-----------|
| Aluminium | \$1,100 | | \$1,100 |
| Copper | \$1,100 | | \$1,100 |
| Gold | \$1,100 | | \$1,100 |
| Lead | \$1,100 | | \$1,100 |
| Nickel | \$1,100 | | \$1,100 |
| Silver | \$1,100 | | \$1,100 |
| Tin | \$1,100 | | \$1,100 |
| Zinc | \$1,100 | | \$1,100 |

WHEAT

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

WHEAT

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

WHEAT

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | \$27.50 | | \$27.50 |
| July | \$27.50 | | \$27.50 |
| Aug. | \$27.50 | | \$27.50 |

WHEAT

| Month | Aug. 29 1984 | ± | Month ago |
|-------|--------------|---|-----------|
| Sept. | \$27.50 | | \$27.50 |
| Oct. | \$27.50 | | \$27.50 |
| Nov. | \$27.50 | | \$27.50 |
| Dec. | \$27.50 | | \$27.50 |
| Jan. | \$27.50 | | \$27.50 |
| Feb. | \$27.50 | | \$27.50 |
| Mar. | \$27.50 | | \$27.50 |
| Apr. | \$27.50 | | \$27.50 |
| May | \$27.50 | | \$27.50 |
| June | | | |

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar soft after early rise

The dollar showed a small overall gain from Friday's levels in the London bullion market yesterday but finished well below the best levels of the day...

181 against 78.2 at noon and 78.0 in the morning and compared with 77.8 on Friday and 83.4 six months ago...

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Unit, % change from central rate, % change from previous day, Divergence from limit %.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % Three months, % Six months.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % Three months, % Six months.

OTHER CURRENCIES

Table listing various currencies and their rates against the dollar.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values.

CURRENCY RATES

Table listing specific currency exchange rates.

EXCHANGE CROSS RATES

Table showing cross rates between major currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits.

MONEY MARKETS

UK interest rates fell yesterday as the possibility of an all-out strike by dock workers receded...

MONEY RATES

Table showing money market rates for various locations.

LONDON MONEY RATES

Table showing London money market rates.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing discount house rates for deposits and bills.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates.

MONEY RATES

Table showing money rates for New York (Lunchtime).

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various terms.

MONEY RATES

Table showing money rates for Treasury Bills and Bonds.

FINANCIAL FUTURES

Prices rally

Glits and short-term sterling deposits finished firm on the London International Financial Futures Exchange yesterday...

LONDON

Table showing London market data for Sterling Eurodollar and Sterling Deposits.

CHICAGO

Table showing Chicago market data for Treasury Bonds and Treasury Bills.

STERLING DEPOSIT

Table showing Sterling deposit rates for various terms.

DELTA SCHE MARKS

Table showing Delta Sche Marks market data.

SWISS FRANC

Table showing Swiss Franc market data.

JAPANESE YEN

Table showing Japanese Yen market data.

U.S. TREASURY BONDS

Table showing U.S. Treasury Bonds market data.

U.S. TREASURY BILLS

Table showing U.S. Treasury Bills market data.

INVESTING IN GOLD A LOOK AT FIVE ALTERNATIVES For your FREE copy just send us this coupon...

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GENEVA RESIDENCE DE FRANCE 4 Avenue de France Tel: 0041 22/31 14 79

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